

EIR

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Weird cult behind attacks on Marcos
Africa conference weighs war on IMF

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Soviet-Israeli deal exposed**



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- VI. The Soviet command and control of WHO's AIDS Policy
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- VIII. The necessary public health program to fight AIDS

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EIR

From the Editor

We are putting all our readers on alert to the extremely dangerous situation unfolding in the Philippines. To quote the lead to our *International* report on page 34, "The degree of international pressures now being brought to bear to force the overthrow of Philippines President Ferdinand Marcos has not been matched since the similarly orchestrated campaign to overthrow the Shah of Iran in 1979. Over the period of the voting and vote count for the Feb. 7 presidential elections, the Philippines has been subjected to intense interference from those international oligarchical circles who are determined that the Philippines—like Iran in 1979—is to be sacrificed to the New Yalta deal with the Soviet Union."

Most of you have been bombarded with the lies of the U.S. media and other Soviet agents-of-influence on the subject of the Philippines elections. It is altogether possible that even before this magazine reaches you, a violent provocation will have unleashed civil war in the Philippines, orchestrated entirely by outside forces.

Now take a look at the map on page 35. One thing the treasonous U.S. media and State Department are *not* saying, is that if their campaign to oust Marcos succeeds, U.S. military power in the Pacific will be driven back to Seattle! Then, will those lying media and State Department minions have the luxury of commenting on the "human rights" record of the Soviets?

Some highlights of other coverage this week:

- The *Feature*, "The Peres plot," received striking confirmation in the week we go to press, with the release of Anatolii Shcharanskii to Israel. This is part of the deal between the Russian KGB, and 'New Yalta' forces inside the U.S. administration, to help keep Shimon Peres in power.

- On pages 62-65 two top AIDS experts tell in their own words how in Florida, the evidence of correlation between AIDS and economic breakdown is being covered up by the Atlanta Centers for Disease Control. CDC refuses to carry out the necessary surveillance of the disease which would show its spread into "non-risk" populations. *EIR* has just put out our long-awaited Special Report, *An Emergency War Plan to Fight AIDS*. It outlines a science-intensive mobilization which, as the Florida case shows, must be undertaken at once.

Nora Hamerman

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Left to right: Israeli Prime Minister Shimon Peres, who has devised a scheme to stay in power after September; French President François Mitterrand, who is helping to railroad Jewish immigrants from the Soviet Union directly to Israel; Canadian financier Edgar Bronfman, who worked out a "package deal" with the Soviets as part of the plot; and U.S. Vice-President George Bush, whose "team" being sold on the Peres plot.

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Peru girds for war with international usurers

The Feb. 10 decision of the International Monetary Fund's executive board to cut Peru off from any further lending from the international money markets has met with continued defiance from the government of President Alan García. The IMF's ultimatum that Peru pay its \$75 million in debt arrears to the Fund by April 14 or be declared ineligible for any new loans, prompted a furious García to respond that Peru will pay "when Peru wants and when Peru can." Prime Minister Luis Alva Castro, in Washington, D.C. to meet with Fund director Jacques de Larosière and World Bank head A.W. Clausen, among others, said that "Peru will not pay under threats. . . . We demand the right to decide our own destiny."

In a public address immediately following news of the IMF threat, the Peruvian President insisted that Peru would not subject itself to ultimatums from any country or institution, much less from one which has behaved like "a butcher of our people." Calling the IMF a "colonial ministry," García insisted that "the era of pressures on our country and tutelage from international financial institutions ended on July 28," the day García was inaugurated President in 1985.

The IMF's ultimatum, occurring at a moment of increased debtor ferment on the Ibero-American continent due to the collapse of oil and other commodity prices on the world market, reflects the rage of the international financiers at García's nearly single-handed effort to mobilize Ibero-America around a concept of moral economics vis-à-vis the debt, and in particular the fixed 10% limit García has imposed on export revenues allocated to servicing the foreign debt. His latest move, immediately following the IMF's ultimatum, was to order government representatives to organize through-

out the continent for a Latin American Monetary Fund which could provide the region with its own financing source—and would enable hard-pressed debtors to bypass the IMF as Peru has done.

The IMF executive board deliberately chose to take a hard line with García. In fact, an IMF staff recommendation that a review of Peru's arrears be postponed for 90 days was rejected by the Fund executive, which hopes to teach Peru a lesson that the entire continent cannot ignore. Among the points the Fund executive raised to justify its ultimatum, is that Peru in the past six months has increased its foreign exchange reserves to nearly \$1.5 billion, and therefore has ample funds to meet debt payments.

What the Fund chose to ignore is the fact that those reserves were built up as a result of García's 10% ceiling on debt payments. García noted: "We have now drawn a line of action, and despite the fact that the country has many reserves, approximately \$1.416 billion—not counting gold and silver holdings—these are intended for economic reactivation."

García took two other steps which clearly infuriated the Fund's directors. One was to reject the IMF's planned mission to Peru in March or April; García said his government was not disposed to receiving orders from abroad to accept surveillance missions, letters of conditions, or "recommendations" regarding its exchange rate; the IMF has been urging a substantial devaluation of the Peruvian sol.

García's other measure was to fire, on Feb. 3, the Peruvian representative to the IMF, Brian Jensen, who had been serving Fund director Jacques de Larosière as an IMF liaison to the U.S. government's Baker Plan. Jensen's forced "res-

ignation," according to Peruvian press reports, followed a fierce debate in García's cabinet over whether to follow a conciliatory or a hard line with the IMF. President García evidently won.

Notwithstanding the threats of the IMF and an escalating sabotage campaign by García's domestic enemies, Peru under Alan García has made substantial strides on the basis of dirigism and sheer grit.

Since entering office, García has issued a series of economic emergency decrees premised on the belief that solving the hunger of the Peruvian population should take precedence over debt repayment. His most recent intervention was revealed Feb. 12, when Agriculture Minister Remigio Morales Bermúdez announced the first measures of a program to address the dramatic food shortages and collapse of production in the country.

"What we seek to create," said Morales Bermúdez, "is a system . . . permitting continuous supply [of food] at prices that would depress neither the profitability of the product nor the consumption capacity of the poorest sectors." Among the measures announced were: reduction of bank interest rates for growers, fixing guaranteed prices for various agricultural products, reduction of import tariffs for agricultural inputs, and elimination of various taxes on agro-companies. In addition, the government will buy between 10% and 30% of key crops to maintain stockpiles against speculation, especially rice, corn, chicken and milk products.

García vs. the oligarchy

The International Monetary Fund and sabotage from powerful economic interests at home are not all President García has to contend with. A media campaign of villification and threats has joined the cause of the Shining Path (Sendero Luminoso) narco-terrorists in seeking the overthrow—or murder—of Alan García.

The leftist Peruvian weekly *Oiga* carried a letter Feb. 12 from the brother of former President Fernando Morales Bermúdez, which compared García to Hitler's Interior Minister Hermann Goering. Like García, asserts Francisco Morales Bermúdez, "Goering . . . immediately began a police 'reorganization' . . . This was part of a larger *Gleichschaltung* designed to hand over the entirety of state and bureaucratic apparatus to Hitler's party." *Oiga* made sure the letter was accompanied by a photo of Adolf Hitler.

Only slightly more subtle was the magazine *Caretas*, owned by García's enemy, former Prime Minister Manuel Ulloa, which characterized García as "hyperactive" and a would-be "superman," and described his economic measures as "economically costly and risky from a budgetary standpoint."

The Shining Path narco-terrorists have issued an open death threat against the Peruvian President, "should he touch foot in Ayacucho" province, to which an upcoming presidential visit is planned. In the past few weeks, the terrorists have launched a bloody rampage of bombings and murders across

the capital city of Lima. Chemical bombs exploded in four large stores in the central commercial district, triggering a fire that raged uncontrolled for two days. On Feb. 3, twenty synchronized assaults were carried out against seven APRA (ruling party) headquarters, eight bank branches, and government offices. Three high-tension electricity towers were toppled by dynamite charges.

The terrorism, it is now believed, is coming not only from the "leftist" narco-terrorist gangs, but from a newly resurfaced "right" as well. Peruvian War Minister Gen. Flores Torres recently suggested that behind the Lima violence lies "not only groups from the extreme left like Sendero Luminoso and Tupac Amaru, but also other elements seeking to destabilize the government" from the right. Police sources report that a new terror gang calling itself "Sendero Verde," believed to be made up of police officers fired by García last year, is responsible for the latest sophisticated terror bombings in Lima. Those police were fired for "corruption," in many cases due to collaboration with the drug mafia.

García has responded to the terrorism with characteristic swiftness and boldness. First, he imposed a state of emergency in Lima and the nearby port city of Callao, with a strict curfew and military patrols to enforce it, the yelps of the "human rights" lobby notwithstanding. Second, he fired over 900 police officers from the three rival police forces—in one unprecedented sweep designed to clean out mafia infestations and unify the forces under a centralized command. Third, he launched Stage IV of Operation Condor, the anti-drug offensive which he began in July. Two major clandestine airfields in the jungle region of the Huallaga River were discovered and dynamited, and over 1,000 kilos of coca paste seized.

Documentation

The following are excerpts from President Alan García's nationally televised address to the Peruvian people on Feb. 7:

At the conclusion of this government's first six months in office, I want to address myself to the nation by indicating certain proposals of the Executive Branch regarding the economic situation and internal order, so that the citizenry can know and participate in them. . . .

We want a nationalist government to defend Peru's right as a nation to development, in the face of the foreign debt, a world economy which forces its products upon us, and the monopolies and multinational companies which, aided by bad governments, have reaped excessive profits.

We want a government of the people to overcome the unjust, centralized economic model under which we have suffered, and to put in its place an economy different from that which has been imposed on us during the last few years under the tutelage of the International Monetary Fund. . . .

When we accepted power on July 28, inflation was threatening to exceed 250% in 1985. That is, a product which in January of 1985 cost 100 soles, would have cost 350 in December. Besides, the Peruvian currency lost value against the dollar by more than 200%, and with it the people's purchasing power declined rapidly.

Faced with this situation, we put in effect an emergency program, whose results we can now evaluate six months later. For example: If in the last seven months of the previous government inflation was 165%, in the first six months of the APRA [ruling party] government it has only been 30%; if in the last seven months of the previous government devaluation was at 170%; in the first six months of this government it has only been 12%; and if on July 28 we received a country with a dollar reserve of 894 million, I can say that now we have net reserves of \$1.416 billion. . . .

I am not saying that the crisis has been overcome; I am not saying that inflation has been halted. It is a crisis stemming from many years—perhaps centuries—of destruction of our economy, and it will take years to overcome it. . . .

Another major problem is the shortage of potatoes that began at the start of this year, due to climatic problems that affected the harvest, which also provoked speculation. At the same time, by increasing the consumption capacity of the poorest sectors, the volume of demand and purchase of chicken increased by more than half, also causing a problem of shortage.

These are problems due to errors, and also the coincidence of fate; but, insistently spread by all the communications media, the conclusion has been drawn that these are due to the failure of the economic emergency program. . . .

What is important, is to make clear that these are specific problems, problems that will pass, and that despite these inconveniences, the substance of the economic program continues to go forward and will be maintained. We have taken the first step to halt inflation, and now it is time to take the second step to encourage production, to encourage growth, which means work and well-being, and also just distribution. . . .

Voices of discontent

Because the first obstacles and first signs of discontent have presented themselves, voices have emerged to advise us to retract the entire economic program and return to the foreign recipes and colonial tutelage of the International Monetary Fund, whose program was what led us to the extremely severe economic crisis that we are currently seeking to resolve. . . .

Thus, taking advantage of the potato scarcity, those standard bearers of foreign theories who were defeated in the past elections, seek to recover their lost positions. They tell us, for example, that increasing the consumption capacity of the neediest classes causes shortages, and they advise us to reduce the income of the poorest and middle classes, so that

“A revolution is the national and social control of wealth, but it is also growth and the development of resources and goods. A revolution is not made by proclaiming the distribution of misery in an arrested economy.”

products will sit without buyers, and thus without shortages. They tell us that control and regulation of prices, by limiting profits, discourages production. They demand that we not intervene in the economy and instead leave prices to rise uncontrolled, after increasing interest rates, which are the cost of money, and then devaluing the currency and meeting payments on the unjust foreign debt according to the formulas of the International Monetary Fund.

Simply because of the passing obstacles we have suffered, we will not fall for this smuggling in of an ideology which would have us return to the past. The International Monetary Fund is an institution created to govern the economy of the poor countries and thus to guarantee payment of debts to the international banks. Since July 28, Peru has maintained a clear position with the International Monetary Fund on the question of the debt. Our decision to limit payments is recognized and followed by other nations. We also have an economic program made by Peruvians and for Peru; we shall not therefore accept new low conditions of economic policy, nor the viceregal tutelage of the International Monetary Fund, which is the expression of modern imperialism. . . .

Four months ago, before the U.N. General Assembly, I declared that we shared nothing in common with the economic theory of the International Monetary Fund, since that theory in recent years has led us into bankruptcy. . . . I also said that to guarantee new loans, the International Monetary Fund was demanding intervention in the internal economy; I warned that in case this situation did not change, we would reconsider our membership in that institution. Today, four months later, we feel that our presence in the International Monetary Fund is increasingly contrary to the national and social objectives of the government. And if we have remained members until now, it is so that from that vantage point, we could continue to present our doctrine and urge other countries to take up a new position, proving the invalidity of the Monetary Fund's theories and its uselessness as an intermediary of the world economy. . . .

A revolution is the national and social control of wealth, but it is also growth and the development of resources and

goods. A revolution is not made by proclaiming the distribution of misery in an arrested economy. . . .

In the first place, to have a growth economy, we need to increase demand and the people's consumption capacity, because the increased production of the factories and of idle lands depends on the consumer's purchasing power. Therefore I am announcing to the country this government's decision to dictate a general increase in wages and salaries, whose first stage will go into effect this month. This increase will not be a passing illusion, but rather the first increase that will allow us to surpass the growth in prices such that if inflation for this year were, for example, to be 50%, the wage increase would surpass that figure. . . .

To achieve a historic leap forward, we need to increase the people's consumption capacity; but a policy of growth also has to achieve two objectives: to increase production and to prevent salary increases from being translated into price increases.

We already know by experience that if prices rise significantly, fewer products are sold, and as a result the economy is paralyzed. We also know that without an increase in the population's wages, there is neither consumption capacity nor production increase. Then it is appropriate to ask: How does one increase salaries and prevent prices from rising proportionately? To achieve this, we should reduce the other components of the price of a product. Thus, the government has decided to reduce the general sales tax from 11% to 6%; in addition, a new 5% reduction in the interest rates to lower the cost of production; a 10% reduction in electricity rates for industry; a 20% reduction in electricity rates for agriculture; and a 10% reduction in the cost of diesel oil to lower the cost of transportation.

Naturally, these measures will not automatically control the pressure for price increases. To this end, the state will maintain its goal of regulating prices in those cases in which, despite these measures, the cost of production proves greater than the sales price. . . .

In all the districts and provinces . . . I always hear the same cry for work. Peru does not want a hand-out; it wants work, to earn a living with dignity. As the head of a popular and nationalist government, I must present possibilities for creating that work and satisfying the needs of the people.

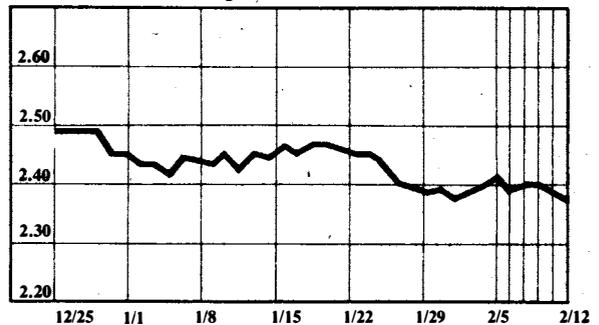
Hundreds of thousands of Peruvians need work, and to create this work cannot be solely the responsibility of the state. . . . We are going to launch a campaign for great infrastructural projects to create work, but the primary source of employment . . . must come from the unused capacity of our industry and the expansion of agricultural production. That expansion and that production cannot be imposed by the state, because for this it would have to appropriate all property and all small and large businesses in Peru.

We require the participation of national businessmen and of patriotic industrialists who have confidence in Peru, to uphold the efforts of the government. . . .

Currency Rates

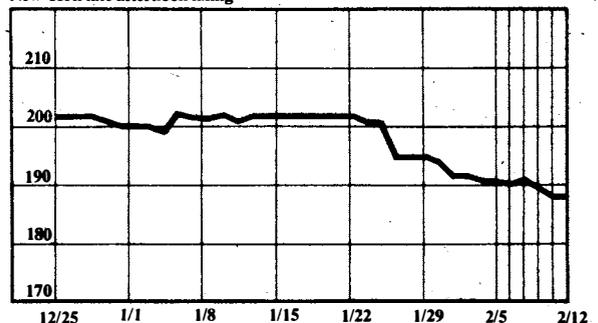
The dollar in deutschemarks

New York late afternoon fixing



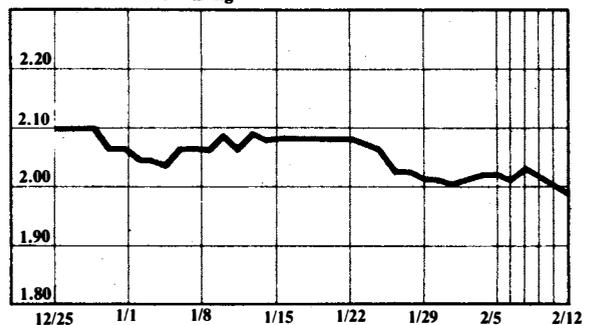
The dollar in yen

New York late afternoon fixing



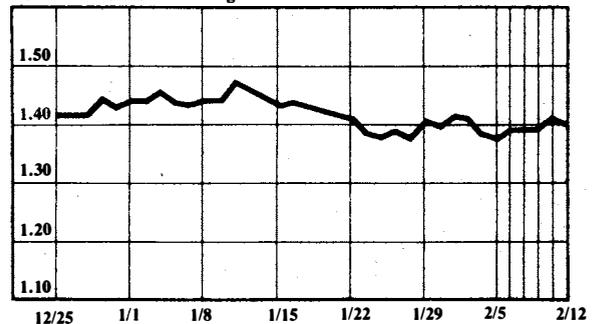
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



Moscow replies to Saudi oil price war

by William Engdahl

Moscow has given its response to the current collapse in the world oil price: a combination of carrot-and-stick moves directed at isolating Saudi Arabia and intimidating Saudi ally Kuwait. Khomeini's Iran and Qaddafi's Libya have played out the threat on Moscow's behalf, including a renewed Iranian war offensive up to the borders of Kuwait; the Soviet Union has taken the diplomatic role of courting Kuwait with offers of major technology deals.

The oil price collapse was triggered by a process begun last September, when Saudi Arabia began increasing its production and marketing its oil in medium-term "netback" contracts to Western oil companies.

Then on Feb. 9, the Iranian army launched a major new offensive in the six-year old Iran-Iraq war, aiming directly at positions threatening neighboring Kuwait for the first time (see article, page 38). Iran's military move came only hours after Iranian Speaker of Parliament Hashemi Rafsanjani threatened to "take action" against continued Saudi and Kuwaiti oil production increases.

Iran's offensive must be viewed against the background of the re-establishment of "full relations" between Iran and the Soviet Union 10 days earlier, when Soviet Deputy Foreign Minister G. M. Kornienko was in Teheran meeting with Rafsanjani and other top Iranian officials. The full agenda of those talks was not made public, but the overwhelming evidence is that Iran's advance nearly to the Kuwaiti border at Umm Qasr was taken with at least the encouragement of Moscow.

Moscow is simultaneously pursuing a persuasion strategy aimed at splitting Kuwait from its adherence to Saudi price strategy. Kuwaiti officials recently warned of oil prices falling below \$10/barrel if non-OPEC producers, especially Great Britain, refuse to agree on production limits. Kuwait, which has upped its output to 1.3 million barrels/day, has been the main backer of Saudi price war strategy in OPEC.

In a surprise move, Kuwait Oil Minister Sheikh Ali Khalifa Al Sabah flew to Moscow for talks with Soviet Prime Minister Nikolai Ryzhkov early in February. Soviet observers expressed surprise at the priority accorded the Kuwaiti minister, including page one coverage in *Izvestia* on Feb. 9, hours before Iran's military offensive threatened Kuwait's borders. Kuwait and the Soviet Union have signed a protocol for sharing of oil technology.

While it is not clear that Kuwait has agreed to pull back from its support of Saudi Arabia in return, Soviet displeasure

over the Saudi/Kuwaiti price war offensive is clear. *Izvestia* on Feb. 10 accused "Western governments and companies" of encouraging the price fall, warning that it could lead to a "bigger crisis than 1973 or 1979," the two major oil price increases. The official Russian government paper criticized "some OPEC members" who wanted to force the price down and aggravate the debt problems of such oil-producing countries as Mexico and Nigeria—a veiled attack on Saudi Arabia and Kuwait, at the time of the Kuwaiti-Soviet talks in Moscow.

Effect on the Soviet economy

The Saudi oil price offensive is clearly creating significant financial problems in the Soviet economic gameplan. "The Russians are in a terrible squeeze with the present oil price collapse," a petroleum expert based in Geneva told *EIR*. In addition to physical production problems and engineering difficulties in their own major producing fields, which have decreased production for the first time in recent history, the Russians have not been able to sell any of their oil on Western markets since at least December, when the current price collapse began.

The reason is believed to be the specific form of Saudi and other OPEC "netback" contracts with the major Western buyers of oil. Under these special new contracts, automatically renewed every six months, Saudi Arabia guarantees to sell its oil to the majors—Exxon, BP, Shell, SoCal—at a guaranteed profit margin to the refinery of \$1.50/barrel at the specific refinery, for example Rotterdam. This guarantee is one major reason the major oil companies have been conspicuously silent over the price collapse. They had already significantly shifted their operations downstream, from producing oil to controlling its transport, refining, and distribution. But the "netback" terms directly break the Soviet pricing strategy of calculated underselling of OPEC in order to increase their share in Western markets without seriously damaging price stability. With prices falling through the \$16 level and no bottom yet in sight, Moscow has not sold a single barrel of oil. One Rotterdam trader reported a recent Russian offer of crude for \$22, against a counteroffer of \$19.50. The Russians withdrew evidently preferring to stockpile—at least for the moment.

Oil is a major prop of Russian hard currency export earnings. In 1985, at least 60% of total hard currency revenues were from sales of oil and gas in the West. Under the high prices of recent years, Soviet crude sales via Swiss, London, and other trading markets have dumped an added 2 million barrels/day, according to best available estimates. If prices stay at present levels, Soviet export earnings could drop \$5 billion this year. Already in 1985, energy revenues were down an estimated 23% to \$18 billion.

Will Moscow risk a U.S.-Soviet confrontation in the Gulf to reverse the oil collapse? Evidence to that effect is accumulating.

Russia offers trade deals to Davos forum

by Konstantin George

For the first time in history, the annual International Management Symposium at Davos, Switzerland was addressed by a prime minister of the Soviet Union. The Davos forum was attended by 600 individuals, representing the *crème de la crème* of the international banking, financial, and business community, plus several heads of state and other leading government officials.

In a televised address on Feb. 5, beamed from Moscow via satellite, Nikolai Ryzhkov dangled before the assembled financiers and corporate chiefs the prospect of billions of dollars worth of trade orders with the U.S.S.R.—provided they agree to scrap restrictions on the sale of sensitive technology.

Ryzhkov emphasized that the biggest crisis in the world today is the international debt crisis currently afflicting the West. He contrasted to this the dimensions of the Gorbachov plan for the technological transformation of the Soviet economy, beginning in the current 1986-90 Five Year Plan, and running until the year 2000. The Soviet Union, he said, is embarking on “the technological reconstruction of basic industry,” with a planned 12% increase in labor productivity between 1986 and 1990, and a doubling of industrial production by the year 2000.

Ryzhkov stressed that “above all with the aid of new production technologies”—especially large-scale automation, industrial robots, and laser technology—the Soviet Union plans to free between 4 and 5 million members of its industrial work force for other newly created industrial jobs by the end of 1990.

These Soviet policy declarations stand in staggering contrast to the ongoing collapse of the industrial and agricultural production sectors of the U.S. and West European economies. The United States has become a “rentier” nation, living off of massive imports of goods from Japan, Europe, and the developing sector. As for the European Community, while Ryzhkov was proclaiming 4-5 million new industrial jobs through automation alone for the Soviet Union, the EC was issuing its latest employment prognosis, forecasting an additional 4 million unemployed by 1990.

‘Sell us the rope to hang you by’

The Davos address provided irrefutable confirmation that, under Gorbachov, Soviet trade with the West is a means toward achieving such a “technological transformation” of

the Soviet economy—and, by extension, boosting the efficiency and strength of the war economy. Soviet policy, as emphasized by Ryzhkov, prioritizes the acquisition of the most advanced Western technology, including those items banned for export to the Soviet bloc under the COCOM provisions: “We want only the most advanced technologies from the West, which means that there can be no linkages, through COCOM or other embargoes, in future trade relationships.” Ryzhkov called this “the new, pragmatic, non-euphoric approach by the Soviet Union concerning trade with the West,” adding that under these conditions, “We are ready to expand trade with the West.”

On the same day as Ryzhkov’s address, the technical phase of talks between Volkswagen and the Soviet trade mission to the Federal Republic of Germany concluded, concerning the construction by VW of an auto engine plant near Moscow with a capacity of 250,000-300,000 engines per year. The project, which would have a value of between 3 and 5 billion deutschemarks (\$1.3-2.2 billion) will soon enter the decisive phase of negotiations concerning price, credit terms, and financing.

The VW deal, which will probably be signed this year, represents Moscow’s intention to deliver on one big deal with West German industry, in order to encourage German industrialists to conclude other large high technology export deals. Moscow is prepared to grant Germany a big expansion in trade—but only if West Germany reciprocates by rejecting participation in the American Strategic Defense Initiative and making political concessions that will undermine the Western alliance.

Russia is openly using trade prospects as a blackmail pressure tactic on Bonn. Soviet journalists were quoted in the *International Herald Tribune* of Feb. 6, “explaining” that Ryzhkov, in his call for expanding trade with the West, was referring to “Great Britain, France, Italy, and to a lesser extent, West Germany.”

These were not empty words. On Feb. 6, the Anglo-Soviet Joint Commission on Trade signed an accord, expressing their desire for a massive expansion in trade, which, according to Commission spokesmen, could involve “hundreds of millions of pounds sterling” in orders for British industrial engineering firms, for chemical and other plant construction in the U.S.S.R. Alan Clarke, the new British trade minister, declared that the total potential value of the accord “could run into billions of pounds sterling.” He described the agreement as the fruition of efforts to increase Anglo-Soviet trade that began during Mikhail Gorbachov’s December 1984 visit to Britain. At that time, Gorbachov had called for a 40-50% bilateral trade increase.

The coming months will see an acceleration of Soviet efforts to sign high technology trade deals with nations of Western Europe and Japan, and in doing so, continually raising the pressure on West Germany to “join the bandwagon” and make accommodations with Moscow.

Is Shakespeare's Shylock writing the economic policy of Israel?

by Mark Burdman

There are numerous individuals who have, over the past couple of years, claimed credit for designing Israel's present economic policy. One is U.S. Secretary of State George Shultz, who, in turn, sometimes gives credit to his own undersecretary of state for economic affairs, W. Allen Wallis. In Israel itself, Finance Minister Yitzhak Moda'i, or Industry Minister Ariel Sharon, and many others, might attempt to vie for the honor.

In *EIR's* view, all these gentlemen should step aside, and give credit where credit is due. We have ascertained that the real author of Israel's austerity regime is Shylock, the usurer hungry for his "pound of flesh," in Shakespeare's *Merchant of Venice*.

This authorship became indisputably clear, when Finance Minister Moda'i rose in Israel's Knesset (parliament), to present the State Budget on Jan. 20, and revealed that no less than 40.8% of the entire budget would be earmarked for debt service payment.

Unfortunately, departing from Shakespeare's script, no Portia arose to protest that the "quality of mercy" would dictate tearing that budget into shreds, and replacing it with one fit for human beings. As a result, Israel has entered a period of perilous economic crisis, the implications of which are dangerous for the Middle East-Mediterranean region as a whole.

The Jan. 21 *Jerusalem Post* said it all in its headlines: "No Early Rise in Living Standards Envisaged," "Tough Steps Must Go On, Moda'i Warns," "Semi-Recession [*sic*] Is Likely To Continue," "Cuts in All the Social Services." *Post* economic reporter Avi Temkin commented: "In overall terms, the structure of the budget reflects the trends of the last years, with the share allocated to debt repayment going up and the share of investments and defence going down."

The "logic" of the budget was presented by *Post* Economic Editor Meir Merhav in the same kind of "newspeak" used by those who depict the Gramm-Rudman bill in the United States as "balancing the budget" and saving the U.S. economy: "As in the 1985/86 budget, and particularly since last

July, most of the cuts in budgetary spending are to be achieved not by reductions of public-sector spending, but by shifting expenditure to the public through a further slashing of subsidies to basic goods and services such as education and health."

A *Post* commentary explained the extraordinary thinking behind this argument. The health budget will be cut by \$23 million, while the population will be obliged to pay higher fees to national and local health funds. So, in the future, "If a financially troubled health system threatens to collapse under the burden of past debts and current shortages, the Treasury is likely to say that such a crisis is 'artificial' or 'not real.'"

Try to explain the distinction between "artificial" and "real" to the AIDS virus!

The conjurer's tricks go on. As Merhav puts it, one of the "policy purposes" of the budget is "creating an economic atmosphere in which the public's expectations will be of continued stability." This is called, by one senior Treasury official he quotes, "stabilization of the stabilization," the second of the two "stabilizations," referring to the state that ostensibly had been achieved when the Shimon Peres government first launched its "economic recovery" (read: "austerity") program in July 1985.

This mysticism was elaborated by Treasury Director-General Emmanuel Sharon, during his press briefing on the budget, which, he claimed, reflected the "battle between defence, welfare, and economy."

If Israel had a constitution, its founders would now be turning in their graves, on hearing such a remarkable "policy purpose" of a national government!

'Think big' is dead

The "public's expectations" are one key to what is really happening as a result of the budget, or as a reflection of the broader processes, of which the budget is a symptom. The cultural paradigm of the Israeli population is being shifted, toward a negation of the higher purposes which some among

Israel's founding fathers thought Israel should embody.

Days before the budget was released, *Post* reporter Temkin told the story, in a Jan. 13 feature entitled, "'Think Big' is Dead." Said Temkin:

The dinosaur era in Israel came to an end when the Cabinet yesterday decided to adopt the recommendations of a report by former Bank of Israel governor Arnon Gafni regarding a new coal port. Beyond the immediate implications of the report, the document makes it clear that in future it will be difficult for anybody to propose "dinosaurs," i.e., huge and costly projects that are ill-adapted to economic realities. . . . Back in the early seventies, it was fashionable for every organization to build a monument to its own greatness. . . . Thus, when the need for coal unloading facilities arose, nothing was more natural than to fall back on the "Think Big" mentality. It is this kind of solution that the Gafni report has ruled out. . . . The most important conclusion to be drawn from Gafni's report [is that] the "Think Big" era is dead.

In the past weeks, indeed, several large-scale projects have died, or have been slated for a rapid death.

One is the Mediterranean-Dead Sea Canal, an enterprising conception, that would have entailed building a passage between the two seas, and that, in one blueprint, would have been accompanied by nuclear power plants along the canal. This could have had significant spinoffs, not only in energy-related areas, but in technologies related to irrigation and water development. Since apparent shortage of water is one of the Middle East's most persistent problems, and an underlying impulse toward conflict in the region, development of water resources has both economic and strategic significance. Also, since the project would have reached the Dead Sea, it would have opened up potentials for future cooperation between Israel and Jordan.

In late December 1985, however, the project was interred, according to Israeli press reports, even though hundreds of millions of dollars, accrued over past years, had been earmarked for the project. Not surprisingly, reporter Temkin remarked on Israel's nuclear energy plans in the same past-tense, obituary tone as is now being reserved for the Med-Dead Canal project: "Prime Minister Peres as recently as some months ago still talked about building atomic power plants."

Other projects, at one time or another on the books, and now being ruled out, Temkin indicates, include Israel manufacturing submarines, and Israel manufacturing its own jet, the Lavi. While the latter's demise might not be mourned, considering that it had been planned as the hub of a giant Israeli arms-marketing complex, and that it has been strongly opposed by the U.S. Pentagon and even by powerful factions within Israel's military, nonetheless, the trend of triaging a "great projects" approach in Israel is cause for concern.

The words "Think Big" sum up that feature of Israel

which was most unique and positive, in the country's first three decades as a state. It was that conception, embodied in the notion of "making the deserts bloom," that enabled Israel to absorb hundreds of thousands of immigrants, and produce the highest percentage of scientists, engineers, and technicians, per capita, in the world. End "Think Big," and the national identity that must come in its stead, can only be harnessed for destabilization and terror.

Operation Independence

The dilemma is typified by the current activities of Economics Minister Ga'ad Ya'acobi, one of Israel's more serious and competent economic planners.

In an interview with an *EIR* team visiting Israel in June 1984, Ya'acobi had endorsed a "Great Projects" approach to reversing Israel's economic policy crisis (*EIR*, June 19, 1984). Since Ya'acobi was relatively new at his post at the time, his comments, then, raised the hope, that Israel would venture,

Unfortunately, no Portia arose in the Knesset to protest that the "quality of mercy" would dictate tearing the new Israeli budget into shreds, and replacing it with one fit for human beings. As a result, Israel has entered a period of perilous economic crisis, the implications of which are dangerous for the Middle East-Mediterranean region as a whole.

again, on the path that represented the best instincts of some among its founding fathers.

Now, however, Ya'acobi's chief task is to administer a so-called Operation Independence, a swindling mechanism whereby Israel will become more less dependent on official state aid (mainly from the United States), by selling itself to the international drugs-and-dirty-money mafia!

The chairman of Operation Independence, Max Fisher, is a kingpin of the U.S. branch of the international narcotics-trafficking cartel, via his powerful position in the United Brands company. Fisher's fortune has also risen, from his erstwhile chummy relationship with Libya's Muammar Qaddafi, through Fisher's hegemonic position, through 1982, in Marathon Oil.

A co-chairman of Operation Independence is Charles Bronfman, of the organized crime-connected Canadian

Bronfman clan. Bronfman's brother Edgar, head of the World Jewish Congress, is a go-between for the Gorbachov regime in Moscow, with the Israelis.

A third chief architect of Operation Independence is Occidental Petroleum's Armand Hammer, whose organized crime activities on behalf of Soviet interests would require an entire book to describe.

The power of these individuals in the Israeli scene is reflected in the fact that Fisher and Bronfman were the first individuals to meet Israeli Prime Minister Shimon Peres on Jan. 31, on Peres's return from a 10-day visit to Western Europe.

The Israel envisioned by these individuals, the Israel of the "post-Think Big" era, would emerge as some hybrid of ancient Sparta and more-recent Venice, with the prevailing ideology of the nation being that of the bestialist British philosopher Thomas Hobbes, whose notion of society was "The War of All against All." Israel would imitate Sparta, in its commitment to a kind of lawless militarism, dependent on fomenting regional wars in various parts of the world and selling armaments to all sides, while taking an increasingly active role in fomenting international terrorism. It would imitate Venice's diplomatic intrigue, trickery, cleverness, and pseudo-imperial ambitions, as a satrapy of Gorbachov in the Mediterranean region.

The underpinning of all this is the increasing involvement of Israeli financial institutions in illicit banking activities, linked to drug trafficking and drug-money laundering. According to one Israeli investigator, Israeli banks have emerged, during the 1980s, as linchpins of money-laundering activities, especially in the Americas. The heads of one of the leading institutions reputedly involved in such activities, the Salonika-born Recanatis of Discount Bank, have been masters of such chicanery for generations. By the same token, the internal composition of employment in Israel, during the 1980s, has shifted more and more to involvement of Israeli citizens in banking and other financial service activities.

Lawlessness threatens to become endemic, especially for a reason alluded to above: Israel's lack of a constitution. A constitution, such as that of the United States, guarantees the national patrimony, or wealth, by being an institutionalized barrier against robbery by usurers. Even if, in the United States now, that patrimony is being assaulted by the Gramm-Rudman bill, that robbery can be challenged by invoking the Constitution, since it insists upon the federal government's guarantee of the defense and welfare of the nation.

To the extent that a constitution represents the guarantee of the wealth of the nation for that nation's citizens, the lack of a natural-law constitution in Israel is the underlying reason that Israel is used as a playground for speculators and thieves. This is proof of German historian-poet Friedrich Schiller's contention, that Lycurgus' Sparta and Solon's Athens are the two models of society competing in history.

Which is why the director-general of the Israeli Treasury

can defend a murderous budget, claiming it reflects a "battle between defense, welfare, and economy"—and not get lynched!

'Almost to the point of collapse'

Under such conditions, Peres's own stated ambitions for economic progress and development must be sabotaged by his own Cabinet's policies.

On Jan. 22, Peres gave a speech before the Royal Institute of International Affairs in London, in which he called for "economic development, the widening of the industrial base and technological infrastructure of the countries in our region. . . . Europe, the United States, and the Middle East countries can join hands in an imaginative new Marshall Plan for the development of economic and technological infrastructure in our region, thus advancing economic progress even prior to the solution of all political differences. Indeed an improved economic foundation may produce a better psychological setting for the difficult political decisions required."

As far as that goes, on paper, the policy is no different from that repeatedly advocated by *EIR* founder, presidential candidate Lyndon LaRouche, for an economic development-based solution to the Middle East crises.

Peres, however, cannot have this vision and Max Fisher, Charles Bronfman, and Armand Hammer, all at the same time. Nor can such plans come to fruition, when his Cabinet's own policies are causing the collapse of Israeli health care, devastation in Israel's construction sector, and so on.

Immediately, this contradiction could be the cause of Peres's own downfall. On Feb. 5, a minister from his own Labour Party in Israel's coalition government, Minister of Absorption (Immigration) Ya'acov Tsur, called on the prime minister to resign and call new elections, because of the "deteriorating economic situation." The *Jerusalem Post* noted on Feb. 6 that Tsur "became the first Labour Party minister to call openly for the dismantling of the government on economic grounds." Tsur's main focus was on "agriculture and the construction industry, both of which, he said, had been allowed to degenerate almost to the point of collapse."

There have also been repeated grumblings during the first weeks of 1986 from Israel's military leadership, which has warned that the Treasury's policies had created "unprecedented risks" in Israel, by necessitating severe cutbacks in active duty reserve days, cuts in the size of the permanent army, and a reduction in soldiers' living standards.

There are also repeated threats from Israel's Histadrut labor confederation, which usually provides the mass base of the Labour Party, that there would be general strikes to protest against the budget.

These protests and mutterings, however, can have no positive effect, unless and until someone arises to demand that the power of Shylock be exorcised from Israel's inner policy sanctums.

Subversion in the farmbelt

Who's behind the radical left-wing and right-wing groups? Look to the Communist Party, the ADL, and the cartels.

Worse than swindlers and snake oil salesmen, are a number of individuals and groups running dirty operations to deliberately demoralize and subvert farmers attempting to mobilize emergency action against the depression.

Most of the farm "personalities" you see on television, for example, the "Rev." David Ostendorf and Merle Hansen, are not at all indigenous spokesmen for farm interests. If you look at who backs them, you find ties leading right back to the Eastern Establishment policy circles, or to the Minneapolis base of operations for the international food cartels, which actually favor the radical shrinkage of U.S. farm capacity. These special interests are using the pseudo farm activists as hired hands for promoting their policy of reducing food output for world consumption and expanding U.S. food exports to the Soviet Union.

The common theme in the demands of these groups is to reduce crop acreage (in the name of "fighting erosion"), reduce food output (in the name of preventing food "surpluses"), and returning to more primitive, low-technology farming methods (in the name of organic gardening or "back-to-the-land" mysticism). These false friends of the farmer never identify the role of the International Monetary Fund in the overall shutdown of the Western economy, nor the need for emergency measures to reverse the bankruptcy of the world economy as a whole.

One example of the current soap-box farm spokespersonship is David Ostendorf, associated with Prairie

Fire and the Iowa Farm Unity Coalition. He constantly presses for the removal of land from production, in the name of preventing erosion on land given "in covenant with God." The Ford Foundation is one of the funders of the Iowa Farm Unity Coalition; it also reportedly received \$500,000, from country music crooner Willie Nelson, from the take of the Farm Aid Concert.

A co-spokesman for Prairie Fire is Dan Levitas, a youngster from New York City, whose father, Mitchell Levitas, was a member of both the Communist Party and of the New York Council on Foreign Relations.

There are both "right-wing" and "left-wing" versions of these hot-house farm groups. The right-wing varieties have been promoting arms, violence, and neo-Nazi rhetoric. The left-wing groups usually crusade against nuclear power and defense, and promote share-the-wealth primitivism.

The groups are played off against each other, in the "gang-counter-gang" mode of warfare pioneered by counterinsurgency experts of the British Empire. For example, Merle Hansen, with his ties into KGB and Communist Party networks, recently toured Michigan, denouncing right-wing extremism in the farm belt.

This rhetoric is merely part of a cynical scenario to instigate violence and despair. Investigators have discovered that one of the control centers of a number of neo-Nazi, anti-Semitic organizations is the Anti-Defamation League of B'nai B'rith (ADL), which is using the threat from these groups to gain influence over left-wing and

religion-based farm organizations.

Individuals connected with the ADL operations include Lawrence Humphrey of Velma, Oklahoma, who is reportedly linked to the terrorist Posse Comitatus, and to the "Aryan-Nation"-connected Covenant, Sword, and Arm of the Lord extremists. This winter, Humphrey brought 12 armed men, and Tom Kersey, a former leader of the American Agriculture Movement (AAM), to a stand-off with a sheriff at the foreclosure of Kersey's friend, farmer Oscar Lorrick, of Cochran, Georgia. The event drew widespread media attention.

Behind the scenes, Humphrey had connections to stage this event with Charles Wittenstein of the Atlanta ADL, and Michael Lieberman, Sheldon Filger, and Morton Wrywick of, respectively, the Chicago, Omaha, and Minneapolis offices of the ADL.

In January, Lawrence organized a tour with Tom Kersey to Minnesota, North Dakota, Nebraska, and Iowa, advocating violent confrontations over farm foreclosures. Their program called on farmers not to plant at all this year—in supposed recognition of the Biblical "Year of Jubilee."

This has given the ADL and others the pretext for organizing and influencing counter-gang farm groups. In Minneapolis, for example, a test-tube group was formed on Jan. 10 called the Family Farm Resource Organizing Committee, recruited by the ADL and others to oppose "extremism."

In an attempt to counter and threaten the growing number of farmers who have declared their candidacies for Congress on the basis of presidential candidate Lyndon LaRouche's emergency economic platform, the ADL in January issued a report, "The Farmer and the Extremists," which slanders associates of LaRouche as "anti-Semitic and neo-Nazi."

Business Briefs

Privatization

Fort Knox up for sale; gold, too.

In what a White House press spokesperson hailed as a "bold, revolutionary new program of budget austerity," the Reagan administration announced on Feb. 12 plans to sell Fort Knox. "40% off! From barbed wire to bullion, everything must go!" proclaimed the U.S. Treasury television commercial announcing the sale.

"It's time we got the federal government out of the business of sitting on a pile of money, which has always been far better accomplished by the private sector," declared Treasury Secretary Fenwick T. Faker III. "And I'm sure those little gold bars will be much happier knowing that they are being put to some useful purpose, like guaranteeing construction of the new Khanga Ruh fast food chain or bankrolling another Las Vegas, instead of backing up nasty old weapons purchases, or helping to keep useless eaters alive with kidney dialysis."

As a side benefit, the Treasury stressed the inevitable quick collapse of the U.S. dollar that will occur as the news spreads that the United States is stripping itself of its cash reserves. "Then we'll really be able to export!" Faker gleefully exclaimed. "Your sister, for example."

Third World Development

Attempts made to block Italian moratorium

Italian Foreign Minister Giulio Andreotti and Treasury Minister Giovanni Goria are trying every trick in the book to block the decision of Prime Minister Bettino Craxi and Vice Foreign Minister Francesco Forte to make Italy the first country to grant a debt moratorium to a Third World country, Somalia.

Andreotti and Goria, both Christian Democrats, are in a delicate situation be-

cause of the work of certain forces in the Vatican for a moratorium. "We do not know anything about it. What Forte said about giving a moratorium to Somalia is a wish," the Treasury Department said.

The foreign ministry commented that the moratorium to Somalia is being discussed, but we must have "much prudence and attention because . . . how can we prevent the 'avalanche effect,' and what consequences will this act of generosity have in relations with other creditor countries?"

The Italian press indicates that a battle is under way inside the government:

"The Italian government, with the support of the Catholic Church, is going to break the creditors' cartel," wrote Claudio Lanti in the Feb. 10 *Il Giornale*. Lanti, a well-known insider of Rome salons, reported on the Italian decision to cancel the debt of Somalia and other Third World countries that need it. "Without coordinating internationally such a decision, our relationships . . . with France, Germany, Great Britain, and mainly the United States would suffer, and these countries . . . would be forced to follow unwillingly the Italian example. Only the Catholic Church would be enthusiastic about such a decision. . . ."

"In the eyes of the world, such a step would destroy some pivots of international morality."

Commodities

Tin market opens; price plummets

The price of tin collapsed 40% to £5,200 per ton on Feb. 3 as formal trading resumed following a three-month emergency closure of the International Tin Council.

The market, which opened in the Kuala Lumpur Tin Market, will set the reference price for tin sales on other markets, especially when the London Metal Exchange finally resumes trading, according to tin traders.

Speaking at the European Management Symposium in Davos, Switzerland, Malay-

sian Deputy Prime Minister Datuk Musa Hitam said that his major tin producing country is prepared to abandon the 22-nation cartel agreement on tin if necessary, according to a report in the *Financial Times* of London.

Datuk Musa Hitam criticized non-cartel nations for helping create the present crisis—a not-so-veiled reference to recent U.S. actions in pursuing a "free market" policy against the London metal cartel.

International Credit

Swiss banker proposes moratorium continue

Dr. Fritz Leutwiler, former head of the Bank for International Settlements, has proposed a one-year continuation of the present de facto moratorium on South African payments on some \$10 billion of short-term foreign debt frozen since last August. At that time, Chase Manhattan and Bank of Boston triggered a liquidity crisis by refusing to roll over credits.

The recommendations of Leutwiler, the official mediator between the South African Reserve Bank and a group of 30 creditor banks, were formally presented for consideration at the Feb. 20 meeting of the banks.

According to the *Financial Times*, the creditor banks consider recent reform proposals made by Botha to be "insufficient to permit a rescheduling of the country's \$24 billion foreign debt."

Germany

Annual government economic report bleak

The *Annual Economic Report* of the Bonn government, issued in the first week in February by Economic Minister Martin Bangemann (Free Democrat), calls for significant "privatization" of German state-owned in-

dustry, such as is presently being undertaken in Britain, France, and the United States.

The document, which explicitly calls for a "dismantling of dirigism," suggests selling off such assets as VEBA, the largest German industrial concern (oil and energy), and Salzgitter, the huge steel and engineering firm, among others.

The report, if fully implemented, would extend deregulation and speculation in the West German bourse by repealing long-standing tax restrictions on stock speculation.

According to the report, new orders for German manufacturing industry in December dropped 2% below November levels on a seasonally adjusted basis. Compared with December 1984, the figure is unchanged, the ministry said.

The report predicts that economic growth in 1986 of 3.0% will result from, not export increase, but "domestic" demand.

Agriculture

Price freeze announced by European Community

An effective freeze of farm prices to "bring farm output in the EC in line with world demand" was announced by European Community Farm Commissioner Frans Andriessen (Netherlands) as part of the EC's 1986-87 budget proposals. Andriessen also announced plans for sales of EC food surplus in storage, an almost \$9 billion three-year surplus liquidation.

German Agriculture Minister Ignaz Kiechle has promised to fight the austerity budget proposal. According to EC farm organization sources, the new Brussels budget will hit the German farm budget most severely because of Germany's proportionately high food stocks in storage.

But it will mean huge windfalls for France's "Red Billionaire," Jean Baptiste Doumeng, who has made millions in recent months through a monopoly of export of surplus beef, butter, and other products from

EC stocks to Russia. Andriessen is denying charges that his dramatic proposal will start a new international farm produce trade war with the United States.

For grain, the Commission is demanding so-called "higher quality standards" and a producer tax of 3%—measures that together will cause a drop of 12-15% in grain prices.

For beef, also a very important component of farm income, the Commission wants to abolish minimum prices. Farmers now earn \$300 less per animal than one year ago. Products such as olive oil and butter are being cut by 5%; other products' prices remain at last year's levels—meaning a net loss.

After a 20-40% drop in farm income throughout Europe during the last two years, two-thirds of the continent's farmers are now surviving only by selling off their stocks and equipment.

Labor

Colombian unions attack the IMF

The regional labor federations based in Bogotá, Colombia issued a joint statement the first week in February attacking the International Monetary Fund (IMF) and terrorism, and giving their support to Colombian President Belisario Betancur's peace policy toward guerrilla movements.

The statement was signed by Schiller Institute Ibero-American Trade Union Commission member Pedro Rubio; Abel Galindo of the UTC; Guillermo Pedraza and Hugo Becerra of the CTC; and Redor Nuñez and Rafael Mayorga of the CGT.

The statement calls for a torchlight march of workers on Labor Day, the night of April 30.

The unity statement comes at a moment when the IMF, through the American Institute for Free Labor Development (AIFLD), is attempting to divide and otherwise pressure the Colombian labor movement into yielding to its austerity prescriptions.

Briefly

● **AIDS** has been contracted by a woman from her two-year-old child through contact with blood or "contaminated fluids," the Centers for Disease Control has admitted.

● **U.S. FARMS** lost \$11.1 billion in 1984 after capital gains, according to a report by the President's Council of Economic Advisers. According to the London *Financial Times*, the Council's report attacks the 1985 Farm Bill, calling instead for "dismantling the complex farm program" and simply paying income supports directly to farmers.

● **TRILATERAL** commission members will be hosted at a special reception given by the Juan March Foundation in Madrid during the mid-May international meeting of the Commission in Madrid.

● **THE U.S.** took on \$5.1 billion of new debt in December. This raised monthly loan payments slightly from the month before. Revolving credit typical of department stores and credit cards was \$1.3 billion in December, a 13.8% increase. Loans for automobile purchases rose to \$1.4 billion in December. Loans for home improvements, mobile homes, and miscellaneous items grew to \$2.4 billion in December. Americans were making monthly payments on \$541.37 billion of debt, not counting mortgage payments.

● **EASTMAN KODAK** suffered a decline in profits and will be firing 13,000 workers and reviewing bonus programs for employees. Eastman says it plans to reduce its worldwide work force by 10% in 1986. The company plans to cut 130 top managers by eliminating the 1986 merit increases. Kodak is expected to take a large write-off against 1985 earnings because of the decision forcing it out of the instant camera market in the Polaroid case.

France's industrial fast breeder goes on line

Laurent Rosenfeld reports on the breakthrough achieved by the Super Phénix.

On Jan. 14, 1986, the fast breeder Super Phénix in Creys-Malville started industrial operation and was connected for the first time to the national power grid. The reactor went critical on Sept. 7, 1985, and after numerous tests since that time, the first industrial-scale fast breeder in the world progressively increased its power, finally producing enough steam to drive one of the plant's two turbines. Tests will proceed for several months, and Super Phénix is scheduled to reach its planned power of 1,240 MWe by mid-1986. The Super Phénix is not the usual type of nuclear power plant, the so-called pressurized water reactor (PWR), but a liquid-metal-cooled fast breeder—that is, a reactor which produces more fuel than it consumes.

Uranium-235 is the only fissile isotope of uranium, i.e., the only variety of uranium that can be used to produce power in a conventional type of nuclear reactor. But, enriched uranium-235 only represents 0.7% of natural uranium. The rest, the 99.3% of U-238, like wet wood, is unburnable—at least in ordinary reactors. The task of the breeder is to transform U-238, which is 140 times more abundant than U-235 fission fuel, into a combustible (fissile) material—plutonium-239. If we assume presently known reserves of uranium to represent the equivalent of 40 years of present world electricity consumption, then breeder reactors, at least in theory, can make those same reserves last 140 times longer—5,600 years! In reality, given that conventional reactors do burn a little bit of U-238, breeders are “only” about 100 times more efficient than LWRs—which still leaves us with 4,000 years. Indeed, the relatively small uranium reserves of France represent the potential for more energy than the oil deposits of the entire Middle East!

Super Phénix is not the world's first fast breeder. In fact, the first nuclear reactor ever to produce power, in 1951, the EBR-1 (Idaho), was a breeder. But since then, breeder programs have been slowed down in most countries, except perhaps in France and, to a lesser extent, the Soviet Union.

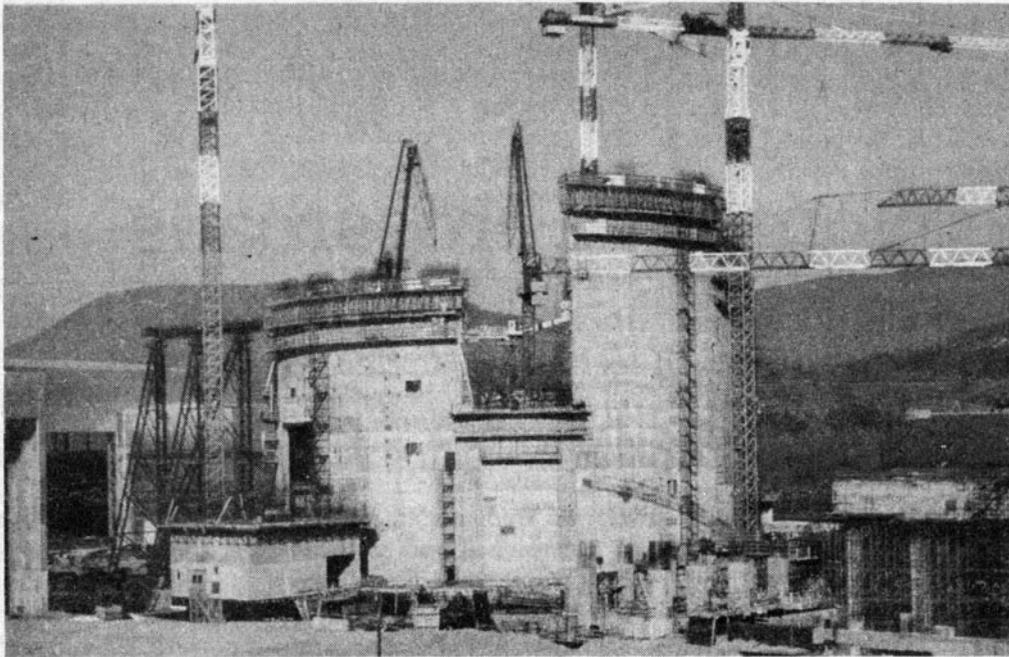
After having built several small research fast breeder reactors such as Harmonie, Masurca, Cabri, and Rapsodie, the French Commissariat à l'énergie atomique (CEA) built the 250 MWe Phénix reactor in Marcoule. Phénix produced its first kilowatt-hour of electricity in December 1973 and reached full power in March 1974. It was at that time the largest breeder in the world (and remained so until the Soviets put the 600-megawatt BN600 in Byeloyarsk on line in 1980). Today, the 1,240 MWe Super Phénix is the first industrial scale breeder in the world.

Super Phénix was constructed by a company set up for that purpose, NERSA, whose shares belong to the French national utility company EDF (51%), its Italian counterpart ENEL (33%), and SBK (16%), a consortium of utility companies from West Germany, Belgium, the Netherlands, and Great Britain.

The core of the Super Phénix is composed of 364 fuel subassemblies, each containing 271 fuel rods. The top and the bottom of the fuel rods are composed of depleted uranium; the active core is otherwise surrounded by three rows of fertile subassemblies (a total of 233 fertile subassemblies) containing also depleted uranium. The fertile covers also provide for neutron shielding, protecting the rest of the reactor pool against high neutron fluxes coming from the inner core (there are, however, several additional rows of steel subassemblies, only aimed at protecting the pool and secondary sodium circuits).

For 100 fission reactions occurring in the core, 118 new fissile (plutonium) nuclei are produced: 80 fissile nuclei within the core itself; 38 are produced in the blankets. These figures confirm that it is only the blankets which allow the breeding of more fuel than is consumed. The fuel is slowly depleted in fissile material, while the blankets are progressively enriched, the latter process being significantly quicker than the former.

Besides producing electricity, like other nuclear reactors,



The Super Phénix at Creys-Malville, France, as it appeared under construction in 1978. At that time, it was projected to come "on line" by 1983.

the main interest of breeders is that they convert U-238 into Pu-239. The capacity to effect that is measured by the breeding ratio: that is, if A is the quantity of plutonium produced, and B the quantity of fuel fissioned, the ratio is $(A - B)/B$. In Phénix, the planned breeding ratio was 1.12, and could in fact be enhanced to 1.16. In the case of Super Phénix, the breeding ratio is 1.18. The plutonium produced is then reprocessed to serve as new fuel for reactors, thus closing the nuclear fuel cycle.

What's next on line?

Several plans have been drawn up to follow the Super Phénix. The original concept was called Rapides-1500, a plant with two reactors akin to Super Phénix, but optimized to a power of 1,500 MWe. But lack of determination on the part of the managers of the program has delayed implementation of this plan. The economic crisis has sharply reduced expectations of energy consumption for the decades to come, and most people believe that breeders will therefore not really be necessary for another 20 or 30 years. Since electricity produced by Super Phénix is more expensive than electricity produced by conventional nuclear power plants (although still much cheaper than fossil-fuel power plants), the dominating idea among French energy planners is "just to keep the concept alive," instead of going for a bold development program. This approach ignores the fact that Super Phénix is an industrial prototype, and therefore understandably more expensive than a conventional nuclear plant; if breeders were constructed at the same pace that PWR conventional nuclear plants have been built in France, the price would fall to levels similar to or just slightly above the current nuclear electricity prices.

Under discussion now is the construction of just one

additional Super Phénix, perhaps just improved, thus bringing to 1,500 MWe the power for a reactor of the same dimensions. One idea is to have this second reactor built in West Germany, but the officials this writer has spoken to are unenthusiastic about this option, because they fear that opposition by the environmentalist Greens will stall any project there.

In this section

The start-up of the world's first industrial-sized fast breeder reactor is typical of the potentials of the French economy, which was moved to the front ranks of industrial nations by the high-technology policy of President Charles de Gaulle. The report on the Superphénix breakthrough, and the technological overview of the French economy which follows, are most relevant in view of the upcoming French parliamentary election on March 16, which will pose the issue of the future direction of that nation's economic policy.

Neither of the major contenders, the ruling Socialist Party headed by President François Mitterrand, nor the Jacques Chirac-led opposition, has any policy for France other than dismantling this high-technology capability. Unless policies guided by the perspectives in these articles are inserted into this political scheme, France will decline rapidly from the capabilities we describe here—to the immense danger of its own future and that of the Western Alliance.

—Carol White, Science & Technology Editor

French economy at a crossroads

The nation's high-technology industry and agriculture are now in jeopardy; the key to recovery is the use of French technology to develop the Third World. William Engdahl reports.

Under the dirigist strategy of President Charles de Gaulle during the postwar period, France built up the most important concentration of major industry in the state sector of any Western nation. This is the high-technology concentration that made possible the breakthrough to industrial operation of the Super Phénix fast breeder reactor; it is the potential which could still be brought to bear to develop the Third World and revive the collapsing economy of Europe.

France today owns the world's third-largest aluminum industry—Pechiney; one of the world's largest auto and vehicle manufacturers—Renault; and one of Europe's largest chemical industries—Rhône-Poulenc. The steel sector is primarily under the direction of Sacilor and Usinor, both state-owned, while more than 90% of all electric generation is run by the state-owned Electricité de France. The French electronics and aerospace industry—one of the world's most advanced—is dominated by such state firms as Thomson CSF and CGE.

Nuclear energy capabilities

The supply of energy has been the Achilles Heel of French industry since before World War I, when Anglo-Russian petroleum interests, with the complicity of the Rothschilds and major French-Swiss bank families, acted to sabotage development of vast oil discoveries in Algeria.

The major intervention of enlightened national self-interest was the tenacious effort by de Gaulle, immediately following the war, to create a French nuclear industry—both military and civilian—through the founding of the Commissariat à l'énergie atomique (CEA) in 1945. As a result of the policy commitments following the 1973 Oil Shock, France launched the world's most ambitious civilian nuclear power program. Unlike every other OECD nation, however, France has not abandoned its nuclear commitment. As a result, in August 1985, the nuclear share of French electricity generation topped 70.7% of total electric power generation.

As detailed engineering studies have demonstrated, electric power generation, more than other existing forms of energy, can be seen as the "locomotive" of future industrial

growth. From this standpoint, France's industrial economy is better poised than any other, to actualize high rates of capital-intensive industrial growth. Electricité de France (EDF), the state-owned utility which owns and produces the entirety of nuclear electricity, and is responsible for 90% of the nation's total electric production, possesses the world's most detailed studies of comparative fuel costs for nuclear-generated electricity. These are far more reliable figures than the sporadic data available from U.S. private utilities (which are biased upward by the political costs of constructing nuclear plants). The latest estimates show total comparative costs, including initial plant investment, fuel, and operation, as follows:

| Nuclear | Coal | Oil |
|---------|------|-----|
| 100 | 150 | 320 |

This means nuclear energy is fully one-third cheaper than its nearest competitor, coal, and vastly cheaper than oil, even with falling prices. These figures are relative. In centimes/kilowatt-hour, for 1982, EDF found that nuclear cost 19.2 c/kwh, while coal was 31.0. By 1984, with higher construction costs, this had altered slightly to 18.8 for nuclear, 26.8 for coal, and 42.5 for oil. Even more important than such cost accounting comparisons, the energy flux density of nuclear electricity is orders of magnitude greater than both coal and oil.

France today is the world's second-largest producer of nuclear power, second only to the United States, as a result of earlier U.S. efforts. In January 1985, the United States had a total of 90 nuclear plants, generating 74.2 GigaWatts of electricity; France had 41 plants, generating 32.4 GW; and the U.S.S.R. had 46 plants with 24 GW. Japan had only 31 plants, generating 22.6 GW nuclear electricity—reflecting the dependence of the Japanese economy on oil and coal: To give an idea of the magnitudes involved, a rule-of-thumb is that 1 GigaWatt (1,000 MegaWatts) provides the electricity needs for a modern city of about 1 million inhabitants.

As of November 1985, the latest data available from the CEA showed that France had 45 plants installed, generating

40.4 MegaWatts electric, which brings the nuclear share to an impressive 70.7% of total electric power generation for the nation. As 20.7% of the remainder of electric power is hydro, the share of oil- and coal-generated electricity at this time is relatively tiny, at 8.6%. As of September 1985, 19 additional units are still under construction, including the huge 1,200 MW Super Phénix, which started low-power operation in January. France has "closed the full fuel cycle," with development of vital spent fuel reprocessing at La Hague and now the commercial Super Phénix fast breeder which can produce uranium as well as plutonium.

Of the more conventional pressurized water reactor (PWR)-type nuclear units, France has developed a standardized approach, which has enabled enormous savings and speed and efficiency of construction. As a result, in the 900 MW series, of which 32 plants have been constructed, total construction time has lessened from initially 78 months for Fessenheim-1, to 60 months for the latest units. Mass production, standardization of design, and centralization of all features of the nuclear program are critical.

France has simply done the rational thing in building its nuclear power grid, while the rest of the world chose to do the irrational. With construction times of five years per reactor, France is far and away the most efficient nuclear constructor in the world. Recent U.S. nuclear units, after the Three Mile Island accident in 1979, take 13-14 years until completion. And the safety and operational record of the French nuclear units is vastly greater than those in the United States, with a surprisingly high 79.4% operational availability. Recent U.S. figures hover around 59%, owing to forced retrofittings, shutdowns, and environmentalist obstruction. France has no anti-nuclear movement of importance!

Beginning in 1982, France signed with Westinghouse to acquire complete independence from the previous Westinghouse license for its basic PWR reactors. This has meant that Framatome and the French nuclear industry have been freed to initiate design improvements. The second-generation reactors are the huge 1,300 MWe units now beginning to come on line, which will characterize the EDF program into the 1990s. Three of these units came on line during the past year, bringing the total number of operational units to five. The next reactor generation, which is advertised as the first reactor of "purely French technology," is the 1,400 MWe series. The reactor will enable EDF and the French nuclear industry to be completely free of foreign design licenses and restrictions. The first of this improved design was started at Chooz in 1984.

The crisis in exports

Despite these exciting advances, the future of what can rightly be called the world's most important concentration of nuclear technology and skilled manpower, the French nuclear industry, is dangerously threatened. In 1983, the Mitter-

rand government decided to reduce the number of new orders to one or at most two reactors per year for the indefinite future. Framatome, the state-owned nuclear constructor, has capacity to turn out five to six per year. This underutilization presents a dangerous problem. Framatome had to be reorganized several months ago, when the giant nuclear-related steel and engineering firm, Creusot-Loire, went bankrupt in the largest industrial bankruptcy in French history. Creusot-Loire had owned 50% of Framatome. The government stepped in and Framatome was reorganized between CGE (40%), CEA (35%), EDF (10%), and smaller holders. These developments serve to underline the fragility of the industry if major new export orders are not forthcoming.

The press recently reported the tentative order that Framatome had secured to build two nuclear units in China. This, according to a CEA source, will probably be all France

The future of what can rightly be called the world's most important concentration of nuclear technology and skilled manpower, the French nuclear industry, is dangerously threatened. The aggressive transfer of nuclear technology including floating nuclear "turn-key" plants to North Africa and West Africa, is not only vital for the survival of the French industry, but a prerequisite if the economic crisis of Africa is to be reversed.

gets, as China wants to diversify suppliers and develop its own technology. According to the same source, nobody in the French nuclear industry is taking a serious dirigist approach to organizing the export of nuclear technology. There exists no organizational body with the mandate to secure export orders for an industry with such unique financing and political problems. The EDF is primarily interested in domestic electric supply, while, until a couple of years ago, Framatome was coasting along on domestic orders. The aggressive transfer of nuclear technology, including floating nuclear "turn-key" plants to North Africa and West Africa, is not only vital for the survival of the French nuclear industry; it is also an absolute prerequisite if the economic crisis in Africa is to be reversed.

In this respect, it is "cost-effective" in the real social sense, for the French government to virtually give away

nuclear technology to select developing nations, to serve as foci of energy-dense industrialization and desalination/agriculture complexes ("nuplexes"). The advantages to those economies could be vast and provide a springboard to industrialization. One special advantage of France is the extremely high concentration of dirigist state ownership of critical nuclear industries. This means that national self-interest can define export credit terms. For example, the value to France of maintaining full-capacity nuclear production, even sizeably expanded capacity for Framatome, development of Floating Nuclear Plant mass-production (which was pioneered 10 years ago by Westinghouse in Jacksonville, Florida, and abandoned), at a site, for example, in Marseille, the Mediterranean port center, could provide an obvious launching point for shipping FNPs, as well as other agro-industrial factories, from France to North Africa and the Middle East. Credit policy is the only major obstacle.

The long-standing French relation to such areas is a vital advantage. EDF and CEA already have extensive consulting

activities in numerous developing nations. EDF, for example, has a separate division, EDF International, with area branches for North Africa, Equatorial Africa, Subtropical Africa, Asia, and Latin America. They have already done extensive consulting with such countries as Morocco, Saudi Arabia, Niger, Senegal, Egypt, Nigeria, Zaire, Gabon, and Brazil, on aspects of developing national electric grids and power capabilities.

Similarly, the French aerospace and military technology industries have in recent years built up enormous ties with select developing sector nations, especially in the Middle East. This trade has built up an advanced network of technical knowledge among French engineers and technicians which could be a valuable adjunct to any coordinated technology transfer industrialization strategy for the developing world.

Development of such a state-directed export strategy for nuclear power infrastructure is vital, if the technological resources of French industry are to survive the present world industrial collapse.

An economic disaster: legacy of the Barre Plan

On March 16, French parliamentary elections will pit an opposition coalition of the Rassemblement pour la République (RPR) and the Union de la Démocratie Française (UDF), the so-called right-wing parties, against the Socialist Party of President François Mitterrand. Neither electoral bloc has an effective program to deal with the economic crisis. The Socialists enter the lists with a track record of economic disasters that include 11% unemployment and widespread bankruptcies; the joint election platform of the RPR/UDF echoes the "free market" dogmas of British Prime Minister Margaret Thatcher, and proposes selling off state-sector industry to the highest bidder.

The opposition's program centers around plans to "privatize" some 150 billion francs (about \$16 billion) worth of prime industry, banking, and insurance company assets, on the model of Thatcher's privatization of British government holdings, including North Sea oil. This boondoggle will provide only a one-shot injection of funds to the government, but the beneficiaries will be the foreign speculators like Brussels' BBL bank, which is tied up with Drexel Burnham, Lambert, the U.S. "junk bond" operators. The money used to buy the privatized firms would otherwise be available to finance capital expenditure in existing firms.

The current state of the French economy cannot be

understood without going back to the late 1970s and the savage industrial austerity blueprint named for its architect, the UDF's Raymond Barre, a member of Trilateral Commission, known among top French financial circles as the front-man for the Swiss-based insurance mafia of Geneva. Barre imposed a series of deliberate anti-industry measures when he was prime minister during the regime of President Valéry Giscard d'Estaing. The economic disaster of the French industrial collapse of the past seven years, is the direct result of the continuation of that Barre Plan by the Mitterrand regime. Indeed, recent French press reports have pointed to direct collusion between Barre and Mitterrand over the upcoming election.

What has the impact of the Barre Plan been on the industrial economy of France?

According to the French national statistical office, more than 1 million industrial jobs have "disappeared" since the first oil price shock in 1974. Nowhere are the real effects of the Barre Plan more visible than in the heart of the French economy—the destruction of the productive labor force. Even leaving aside the "repatriation" of hundreds of thousands of low-skill foreign "guest workers," since the downturn beginning in the late 1970s, official unemployment has soared to highest levels in the entire postwar period. In 1985 it reached an alarming 2,440,000 people—for a labor force of some 23 million, this means about 11%. If the effects of marginally employed population are included, as well as those on a subsistence existence who do not appear in official statistics, it is not difficult to understand why the unemployment issue is the single most important political issue for France today. At

Defense and aerospace

One of the most significant sectors for the economy of France in recent years has become the aerospace/military technology industry. The Malvinas War between Britain and Argentina highlighted for much of the world the existence of French advanced military technologies, including the Dassault Super Etendard carrier-based fighter and the Aerospatiale family of "fire-and-forget" anti-ship missiles. Companies such as Matra, which have developed extremely sophisticated laser-guided bombs and missile systems, are among the world's top rank in technology level and reliability. The recent French contract to develop the \$4 billion United States Army battlefield communications system, called RITA, in preference over a British bid, is only the most dramatic indication of the importance of the French military/aerospace sector.

It is misleading to speak of this as an industrial sector, as it tends to concentrate the most advanced industrial R&D of the entire economy, and tends to be dominated by state-

owned firms—CGE, SNECMA, Thomson—which are also extensively involved in the nuclear and other industries. As a result, the sector concentrates the advanced industrial technology which is most important for the future development of the French economic base.

Another characteristic of the military/aerospace sector is its high degree of integration with, especially, West German defense and technology-intensive aerospace firms. Thus, Aerospatiale has a joint development project with Messerschmidt-Bölkow-Blohm (MBB) to build the Roland anti-aircraft missiles—of which NATO just ordered \$700 million worth to defend its bases in the Federal Republic of Germany—as well as the ANS long-range anti-vessel supersonic missile. The two firms also are involved in joint development of combat helicopters, satellites, and the Airbus. Likewise, Dassault's Alpha Jet trainer and light attack plane has been designed and produced in cooperation with Germany's Dornier. Matra and MBB are involved in development of advanced weapons systems such as the Apache/CWS multi-

the onset of the effects of the Barre Plan and the U.S. high interest rates in the early 1980s. French unemployment was approximately half this figure, 1,450,000.

One of the most significant underlying changes in the potential producing power of France's economy, has been the shift away from productive employment in industry and agriculture. In 1954, the total economically active population of the nation was a relatively healthy 61% of the total active labor force. By 1982, this had dropped down to only 43%. What this reflects is a substantial growth in jobs in non-productive "overhead" service or bureaucratic paper-shuffling areas. Since the 1950s, the number of agricultural workers has dropped by more than half, from 3,900,000 down to 1,800,000 in the last two years. But these workers have not gone into the productive manufacturing sector. The number of clerks and secretaries doubled to more than 4 million in this same time.

Nowhere is the disastrous state of the French industrial economy more evident than in the steel industry. Under the fiat of the collective capacity reduction scheme of the early 1980s, the infamous Davignon Plan, named for Viscount Etienne Davignon, then European Community Commissioner for Industry, France has collapsed steel production from its high of 27 million tons in 1974, at the point of the first oil price shock, down to an estimated 18 million tons last year, according to the French Steel Association. This amounts to a collapse of 33%! At the same time, employment in this basic industrial sector collapsed by almost 50% under the Davignon Plan/Barre Plan regime, from 160,000 down to 85,000 last year. Steel, one of the most energy-intensive industries, was severely af-

ected by the combined 1974 and 1980 oil price shocks on the cost of energy. France's total oil import bill in 1984, before the recent price fall, equaled almost the entire value of agricultural exports.

Related to both the oil question and the steel collapse, has been the collapse of the French automobile companies. The huge state-owned Renault firm had financial losses in 1984 of a staggering 12.6 billion francs, and is in the process of laying off 21,000 of its labor force over the next months. The number of vehicles produced since 1979, when the Barre Plan austerity began to constrict domestic credit and wages, has fallen fully 17%, down to slightly more than 3 million vehicles in 1984. Industry indications are that the disaster continued into 1985. France is the world's fourth-largest vehicle producer after Japan, the United States, and West Germany, and the collapse of this sector represents a major collapse of world transportation capacities.

The second major area of loss for French industry has been the collapse of construction projects in developing-sector nations, especially in Africa and the Middle East. In 1984, the giant French engineering and construction group, Creusot-Loire, declared bankruptcy. One cause was the collapse of export construction contracts. France historically has been one of the largest contractors in the OPEC Middle East countries, as such projects accounted for fully 10% of the 1982 monetary value of export earnings. The collapse of the developing-sector market in the last few years has been severe. Total capital goods export fell by over half, from 94 billion francs in 1982 to 50 billion francs in only two years.

purpose dispenser weapon. The French aerospace company SEP produces solid propellant rocket motors for meteorological and observation satellites, in cooperation with MAN of Germany.

France in recent years has become the third-largest exporter of military and aerospace technology in the world, following the Soviet Union and the United States, in that order. With a total labor force in 1983 of some 127,270, France's aerospace/military industry is exceeded in Europe only by Britain in terms of number employed, which has 218,000. But when measured in terms of productivity, by gross sales per number employed, French aerospace exceeds British by almost two to one. France had a ratio of 575 million francs to Britain's 312 million francs.

Perhaps the most dramatic single area of French economic developments in the troubled 1979-85 period, has been the growth in the importance of aerospace/military sales. According to official industry figures published by GIFAS, the French Aerospace Industry Group, export deliveries for the industry have grown from 15.6 billion francs in 1979 to slightly more than 42 billion francs in 1984, with preliminary estimates for 1985 indicating approximately the same as 1984. This represents a 262% growth measured in monetary terms. Discounting for monetary factors such as currency changes in this time, the industry has clearly emerged as a major one in world terms.

Two things should be noted, however, which underscore the vulnerability of even this sector of the French economy: If we compare the ratio of export deliveries to that for new export orders for the 1979-85 period, we find a dramatic shift has occurred. Whereas in 1979, new orders received were higher than deliveries, reflecting a healthy future growth perspective, beginning in 1983 and continuing through at least 1984, new orders fell significantly below deliveries. This means that the industry is working down its back orders, and new orders are slowing down in the last half of the 1980s. This reflects the general stagnation of the world export economy, for all industry, within which France has competed extremely well, despite the collapse of especially Middle East and Ibero-American markets since 1982. The second point to be noted is that the rate of rise for export sales for the French industry has now flattened to zero. That is, there was essentially no net growth in monetary terms this year, the first time since 1975.

Capital-intensive agriculture

France is far and away the premier agriculture producer of the European Community, with fully 25% of total EC production in 1983. The present technological base began with General de Gaulle's concerted effort in the 1960s to tackle the traditional backwardness of French farming, which at that time was so poor as not to provide even for national needs. Under more than two decades of EC Common Agriculture Program (CAP) subsidy payments, with massive in-

vestment in technology since the 1960s, France today is the world's second-largest agricultural exporter (the United States is still number one), and with 32 million hectares of land under cultivation, has fully 31% of total EC agricultural land.

Beginning in 1955, when some 8,170,000 Frenchmen earned their living from the farm, equal to 18.5% of the total working population, a reorganization of French agriculture occurred, backed by investment in capital and energy-intensive technologies, to produce phenomenal increases of productivity. As a result, by 1984, this percentage of the labor force in farming has been reduced from 18.5 to 7.3%, or 4,020,000 million farmers, according to the French Ministry of Agriculture. Furthermore, the average size of the French farm-holding during this same period has nearly doubled, from 13.3 hectares in 1955, to 23.0 today. While this still means many quite small holdings and a few large ones, the direction is toward more optimal medium size.

This French food-producing capacity today must be considered one of the world's most important strategic resources, more so than ever in light of the recently-signed U.S. "free market" farm bill, slashing agriculture subsidies.

Twice the U.S. yields

Yields of French agriculture are among the world's highest. To give one example, for the category of wheat yields, France in 1983 produced an average of 51.2 deci-tons/hectare (1 dt = 100 kg). By contrast, the world's largest wheat producer, the United States, for the same period produced yields of vastly lower productivity, almost half, or 26.5 dt/ha. While some of the tiny EC agricultural producers, especially Holland, and to an extent Denmark, and regions in north Germany may produce higher yields for select grains, France is clearly a vital world food resource of extreme importance.

There exist special unique credit facilities which have until now somewhat insulated French agriculture from the world credit crises of the past seven years. All farm credit, almost without exception, is organized via the pervasive farm cooperatives and regional organizations into the huge Caisse Nationale de Crédit Agricole, the national cooperative agriculture credit institution which in 1983 had total resources of some 600 billion francs (200 billion deutschmarks), making it one of the world's largest financial institutions, if not the largest. By comparison, Deutsche Bank, Germany's largest, in 1983 had assets totaling 117 billion marks. Because of the specialized agriculture basis of this cooperative bank, it charges subsidized interest rates to farm borrowers, with no reference to "market" rates. This, plus the structure of the complex EC price subsidies, has insulated French agriculture from the most severe impact of high interest rates. Nonetheless, the hyperinflation of world petroleum prices has meant severe price problems for the energy-intensive French farming, primarily through vastly higher costs for fertilizer, as well as for fuel. Preliminary results for the 1985 French wheat harvest indicate that the total crop level dropped some 12%

FIGURE 1

France's capital-intensive agriculture

| | Million tons | Grain yields (100 kg/ha) |
|------|--------------|--------------------------|
| 1946 | 6.8 | 16.5 |
| 1955 | 10.4 | 21.0 |
| 1970 | 12.9 | 35.0 |
| 1980 | 23.2 | 52.0 |
| 1983 | 24.4 | 52.0 |
| 1984 | 32.0 | 65.0 |

FIGURE 2

French agricultural production (1984)

| | Billion francs |
|------------------------------|----------------|
| Cereal grain and derivatives | 44.3 |
| Wines and beverages | 24.5 |
| Meat and livestock | 19.1 |
| Milk and dairy | 15.4 |
| Fruit and vegetables | 7.2 |
| Sugar | 6.9 |
| Other food products | 24.3 |
| Total | 141.7 |

France is the world's second-largest wine producer by volume; wine exports account for approximately 20% of total French farm exports. Most of this (66%) is sold within the European Community, with Germany the largest market, followed by the U.K. and Benelux. In terms of beef, France is the premier meat producer of Europe, with over 30% of total in 1983, and came in sixth in world beef production, measured in tons.

over record 1984 to 29 million tons, because of lower yields.

Figures for actual farm income, as in the rest of the EC, have fallen in the past decade, under the impact of generally higher energy costs and the performance of the world markets. The general tendency, under aggravated economic pressures of recent years, has been increasing captivity to a world export-market-determined price structure, which in turn was controlled by the major grain cartel companies. Over the past decade, according to French farming sources, the cartelization process in the EC has been such as to deliberately foster a situation where a political problem of so-called food surplus is created, in turn placing enormous pressures on medium and small family farms to "produce their way out" of the immediate price squeeze, thus aggravating the problem.

In 1984, total French agriculture revenues were 273.4 billion francs, some 8% higher than the disaster year 1983, with 252.5 billion francs; this was partly owing to a record grain harvest. The primary problem, according to farmer sources, is that in the past decade, farmers have become

captured to the vagaries of the world export trade market, rather than to national or even regional markets. The single most important marginal influence on EC agriculture, especially in recent years, has been the massive Soviet purchases of grain on world markets. In 1984, some 17.4% of total French agriculture was exported. This merely offset the dollar value of French petroleum imports, since the rise of the dollar meant the effective rise of dollar-priced oil imports for France, despite the OPEC price decline.

The monetary value in 1984 of French agriculture and processed food exports was 124.4 billion francs. The largest customer for French agricultural exports was Italy (20 billion francs) and Germany (19 billion francs), followed closely by Benelux (14 billion francs). The value of exports selectively since 1975:

| | Billion francs |
|------|----------------|
| 1977 | 36.5 |
| 1977 | 48.3 |
| 1980 | 79.7 |
| 1983 | 124.4 |
| 1984 | 141.7 |

These numbers must be correlated with the percentage of total farm revenue which this export represents. This figure has remained remarkably stable, hovering between 16% in 1975 and 17.9% in 1983. The significant point for the French farmer, however, must be the relative deterioration of domestic market prices, thus making the relative importance of a 17% export share in 1984 far greater than in 1975.

The near doubling of the yield from 1970, at the initiation of the de Gaulle modernization effort, to 1984, shows the impact of the policy (see Figure 1). Today, France, with this capital-intensive agriculture, produces 40% of EC grain. The large jump from 52 dt/ha in 1980-83 up to 65 dt/ha in 1984, largely reflects massive intensification of fertilizer inputs.

With EC proposals for the next farm budget price support subsidies under debate, against the backdrop of record levels of grain, beef, dairy, and wine in EC storage stock, pressure is enormous and growing to adopt savage cuts in price supports. The current proposal of the EC agriculture commissioner's staff, according to European farm organizations, would slash fully 12-15% from EC farm income for grain producers. The impact of cuts of such magnitude on French farming would begin to approximate the disaster in U.S. agriculture of recent years, though the underlying structure of the debt is quite different.

France at this juncture is one of the world's most important industrial and agricultural resources, which is poised at the crossroads of major international economic catastrophe or, regaining the vision of a de Gaulle, reversing the slide into obsolescence and collapse, using its experience as a former colonial power, to launch infrastructure- and technology-transfer on a massive scale to entire regions of Africa, the Middle East, and Asia.

The Peres plot: an investigative report

by Maxim Ghilan

The following article originally appeared in Mr. Ghilan's Israel and Palestine magazine, one of the most reliable sources of inside information on this strategically crucial region. EIR thanks I&P for permission to reprint the article. I&P is published by Magelan, 5 Rue Cardinal Mercier, 75009 Paris; subscription U.S. \$30/year.

Introduction

This is the first comprehensive description of the strategy developed by Shimon Peres and applied by the State of Israel and certain sectors of the Ronald Reagan administration, as well as certain events which were totally distorted and occluded by the media. Obviously, some of our details are sketchy, some dates are not as precise as we would wish. Nonetheless, the general thrust is correct and the scheme—the first phase of which seems to have failed—is described here in exhaustive detail.

I&P wishes to express particular thanks to all its contributors, inputs, and correspondents who helped put together this special investigative report. Our warmest thanks go to those inside the Reagan administration and inside the Zionist Establishment (both in Israel and in the United States) who found it necessary to counter, and thus denounce, the Peres plot.

* * *

In the first eight months of 1985, the advisers of Israeli Prime Minister Shimon Peres devised a comprehensive scheme aimed at:

- Ensuring the re-election of Shimon Peres as the head of a Labor majority government which would exclude the Likud and allow Peres to renege on his agreement, according to which he has to hand over the premiership to his coalition partner, Likud leader Itzhak Shamir, in September 1986.
- Allowing the State of Israel to keep indefinite control of the West Bank and the Gaza Strip.



Shimon Peres, outside the Israeli embassy in Washington after a news conference in October 1985.

- Neutralizing Soviet opposition to Israel.
- Dragging the U.S. administration into a “New Yalta” deal concerning the sharing of power in the Middle East between the U.S. and the U.S.S.R.
- Formalizing the unofficial and secret agreement which now regulates Israeli-Syrian relations and arriving at an official peace agreement with Syria.
- Signing another, separate peace treaty with the Hashemite Kingdom of Jordan.
- Excluding the PLO (and, indeed, any independent Palestinian leadership) from the forthcoming bilateral negotiations between Israel and the various Arab States.
- Destroying the moderate elements inside the PLO, starting with the assassination of Yasser Arafat and the more moderate PLO Executive members—Muhammed Milhem and Eliya Khoury being the foremost among them.
- Ensuring that the West Bank becomes, to all practical purposes, Israeli—through settlement in that area of from one to two hundred thousand Soviet Jews, who were to be brought to Israel within the framework of the plan.
- Preventing the prospective new Soviet immigrants from stepping off on their way (as is done by most Soviet Jews in Austria, now) by railroading them directly to Israel with the help of President Mitterrand of France and Air France.

The scheme, whose conceptual framework is both innovative and dynamic, was adopted after a number of inputs contributed to it. Among them:

- An international cartel of Jewish financiers, who have gathered to elaborate for Peres a “new economic policy” in order to save Israel’s economy from continuing disaster. This group of advisers, which includes the main international fi-

nancing experts of the two top American investment banking firms—Salomon Brothers and Goldman, Sachs—was put together by the Moroccan-Spanish Jewish tycoon Mauricio Hatchwill-Toledano.

- The “Peres boys”: a group of special, young, personal advisers, working out of the prime minister’s office in Jerusalem and advising Peres on a daily basis. First and foremost among them are:

- Dr. Yossef Beilin, Uri Savir, and Amnon Neubach;
- Labor-oriented Mossad advisers, said to include Uri Lubrani, former Israeli coordinator in Lebanon and now dealing with Syrian problems;
- A number of army intelligence specialists close to Peres;
- World Jewish Congress President (and alcoholic beverages tycoon) Edgar Bronfman, and his aide, Dr. Israel Singer.

Internal considerations

In spite of the side scope of this plan, its bottom line is, for Peres, domestic: If he cannot hold on to power and expel the Likud from the present uneasy “national coalition,” he won’t be able to carry out any schemes at all. Thus, the first priority of the prime minister’s advisers was to fashion an apparent “peace process” (in reality a power takeover) that would be so popular inside Israel that it would ensure Peres’ re-election—after he has created the conditions for a coalition breakup.

Two situations would ensure Peres being re-elected by a relatively huge majority of voters: if his government is victorious at war—and if it seems to be holding the key to real peace with the Arab neighbors of the Israeli state.

The Peres plot includes venues for both alternatives. A victory in case of a short, swift attack on the Hashemite Kingdom of Jordan is envisaged—an attack which would be patterned on the 1967 “Six Days War” or Blitzkrieg, and whose corollary would be the expulsion of from one to three hundred thousand Palestinians from the West Bank into Jordan and the creation of a quisling-like pro-Israeli government in Amman. After these aims have been achieved, Israeli troops would withdraw.

But Shimon Peres is aware that the Israeli public is weary of war and has not yet digested the defeat in Lebanon. Thus, the war alternative—while still valid and operative—is considered as a viable option only if Peres is unable to win over the Israelis with his peace plan.

In order to do so, success must be clearly shown; and elections should follow swiftly afterwards.

Moreover, emotional elements such as “peace with the neighbors,” “immigration of our Jewish brethren from Russia,” and “ensuring that the U.S. does not drop us” have to be included if electoral victory at home is to be overwhelming.

Finally, the Likud and the extreme right-wing opposition have to be neutralized. Therefore, the Peres policy has to appear to be (and actually has to be) more intransigent towards the PLO than the policy of Shamir and Sharon.

Phase one: an offer to Moscow

All through the summer, meetings took place between special Israeli envoys, belonging to the intelligence services and to the Peres entourage, and special envoys headed by the Syrian chief of special services Rifaat el Assad, brother of the President. Rifaat el Assad did not necessarily participate in all the meetings held, a series of which occurred in Cyprus; the last known one occurred on this island on or around Nov. 8.

The Israeli side tried to obtain a Syrian assurance that Damascus would not intervene, if a war broke out between Israel and King Hussein of Jordan. Moreover, it was suggested that Syria should participate in the overall picture, by sharing (secretly or overtly) the arrangements worked out between the Israelis and the Jordanians. As a prize, Israel offered Syria the return of one-third of the Golan Heights, conquered by Tzahal in 1967 and officially annexed by Israel in December 1981.

According to certain Israeli sources, Syria demanded the return of all of the Golan Heights, as well as previous agreement to the scheme by Moscow, which has been strongly opposing direct Israeli-Jordanian talks.

On Sept. 11, after a number of previous contacts and negotiations, World Jewish Congress President Edgar Bronfman traveled to Moscow and tried to work out a “package deal.” The Soviet authorities bargained for:

- Transfer of Western technology to the Soviet Union;
- Sale of large quantities of Western (primarily American) wheat to the Soviet Union;

- A stop to Israeli anti-Soviet propaganda, particularly in the United States and among Soviet Jews;

- A stop to Soviet-Jewish emigration to the United States, Canada, and Europe, as the Soviet leaders consider that any emigration of Jews elsewhere than to Israel opens the door for demands to emigrate on behalf of other minorities inside the U.S.S.R.;

- Re-examination of Israel’s willingness to install and operate Voice of America transmitters broadcasting anti-Soviet propaganda inside the Soviet Republic’s southern borders;

- Israeli pressure on Washington, aimed at replacing Reagan’s confrontational policy in the Middle East with some kind of “share and share alike” arrangement, to which Israel, Saudi Arabia, and Syria would be parties and, indeed, guarantors;

- Israeli agreement to an international conference with Soviet participation, or to efforts under international auspices which would include those of the U.S.S.R.

For such a package, Bronfman suggested the Soviet Union should:

- Renew diplomatic relations with Israel;
- Instruct its allies in Eastern Europe to do likewise;
- Open the doors of the Soviet Union to all Jews who wish to emigrate to Israel, starting with the some 150,000 men and women the Israelis claim to have expressed a desire to go there, including an estimated 60,000 Jews who have been sent Israeli passports after having indicated, so it is said, their wish for such travel documents;

- Back the secret Israeli-Syrian agreement;
- Eliminate all support to Yasser Arafat’s PLO, and concentrate its support to other Palestinians, including the pro-Syrian dissidents and extremists;

- Allow bilateral peace negotiations between Israel and some Arab States at war with Israel, i.e., Syria, Lebanon, Saudi Arabia, and Jordan, within the framework of an international peace conference with Soviet participation; or, alternatively, under the joint auspices of the United States and the Soviet Union—possibly accompanied by the other permanent members of the U.N. Security Council—Britain, France, and China.

Phase two: convincing Washington

Shortly after Bronfman’s return to the American continent, the Israeli diplomats, headed by Peres himself, started selling the newly-proposed scheme to Washington’s power centers. Basic to Israel’s U.S. moves was the fact that President Reagan is ill and weakened, and would like to leave office in a blaze of glory, shortly after one crowning success. Given the fact that his health is deteriorating rapidly, this has to happen soon—and the success is obviously meant to be the Geneva talks and a successful Reagan-Gorbachov meeting. The Soviets are willing to oblige in respect to form if they get substantial gains. The administration has become in all respects a transition team in which the Vice President’s

men are replacing Reagan's teams in various critical areas—such as intelligence—with men trusted by Vice President Bush and National Security Adviser Bob McFarlane. Intelligence, Foreign Affairs, the CIA, the DIA dealing with space intelligence—all have become nuclei of Bush supporters. Only the Pentagon and the armed services, under Caspar Weinberger, still hold out and even desperately try to hold out, to the extent of developing parallel diplomatic activity, particularly in the Middle East and Arabic-Persian Gulf, using for that purpose personnel of the former rapid deployment force.

This is a situation which is tailor-made for experienced men in the service of Israel, both foreign and American. They can explain to the incoming team—which has also the need to prepare a new Bush candidacy to the Presidency in just two years' time—that the Israelis, not the outgoing team, have the keys to future victory. This is even easier to do in view of the fact that the Bush team is largely "Trilateralist" or "Atlantist" in character, i.e., willing to apply power through local power centers (such as Israel or Morocco's King Hassan) rather than directly through the use of armed American economic or diplomatic clout—as the Reagan and Weinberger boys would like to do.

In the wake of the Soviet-Israeli talks, Israel succeeded in influencing both the White House team, headed by Regan, and State Department circles, which have been sifted and renewed, with a considerable input of former Kissinger aides being noticed. In short, Israel convinced these circles that:

- The Soviet Union would be willing to forego hostile action in the Middle East if a package deal was worked out;
- Israel would be able to prevent anti-U.S. terrorism, anywhere, if the PLO was actively pursued and destroyed, starting with the assassination of its leader Yasser Arafat. To make the point, a top Mossad team of about a dozen anti-terrorist specialists was dispatched to the U.S., to "advise" the intelligence Establishment. The administration obligingly put this team in close cooperation with the ICTE—Washington's Inter-Agency Executive Committee for Covert Activity—causing American views to be influenced still more by the disastrous political analyses of Israel's spooks—the same kind of political *opinion* rather than facts, which gave Mossad blessings to Sharon's catastrophic adventure in Lebanon;
- Syria should be the United States' other privileged partner, rather than Saudi Arabia, since Syria was both "realistic" and "held real power" on the Mideastern scene;
- The U.S. should not allow King Hussein to bring in the PLO or pro-Arafat Palestinians. Instead, Hussein should be forced to go for a separate peace deal with Israel. If Hussein refuses, other Jordanian circles should be used and the King deposed. Under no conditions should Jordan be given defensive and sophisticated weaponry such as the surface-to-air missiles needed to protect Amman and El Salt from Israeli air strikes;

- The U.S. should supply the covert and economic help which will allow Shimon Peres to throw off the shackles of the "National Unity Coalition," refuse to hand over his seat to Itzhak Shamir as per the coalition agreement, and allow Peres to win anticipated elections;

- Any separate and diverging diplomatic activity, be it by the CIA or the Pentagon, should be curtailed and nipped in the bud.

The Reagan veto

At first, the Israeli offensive succeeded only too well. The U.S. Defense Establishment was partially muzzled in the Middle East. Orders were given to "ignore" the Israeli planes flying to bomb the capital of a country friendly to the U.S.—Tunisia—in spite of uncanceled undertakings by the White House to prevent Israeli attacks against Palestinian bases on Tunisian soil. Such undertakings were mentioned by the U.S. President and State Department in 1982, at a time when the White House was keen for the evacuation of a beleaguered Beirut by Arafat and the PLO's forces.

Moreover, after the Israeli air force made several runs over the PLO enclave at Hamam Beach, the U.S. shrugged off what amounted to an American-Israeli attempted assassination of Arafat, saying—against common sense—that it had been "unaware" of Israel's raid.

Everything worked out fine—except Reagan himself. While quite agreeable to the anti-Tunisian double-cross or the assassination of Arafat, Ronald Reagan simply did not accept a deal with the Soviets worked out by the Israelis. Neither did a variety of aides, for a variety of reasons which had nothing to do with international, but rather with *internal* American politics. Also, the renewal of Israeli-Soviet relations did not seem a good thing to the White House since it would diminish Israel's dependence on the United States; the emigration of all Zionists and discontented Soviet Jews from the U.S.S.R. would deprive the U.S. of a powerful propaganda ploy; the inclusion of the Middle East in the forthcoming Geneva talks would "muddy the waters," as one Washington specialist put it, and went against American plans for working out a standoff with Moscow on the nuclear scene.

Thus, Shimon Peres found himself with only half a success: the military operations against the PLO, but not the emigration of the Soviet Jews.

The assassination attempt

That part of the Peres plan agreed upon in Washington was launched on Oct. 1, when sixteen Israeli warplanes flew 2,400 kilometers from Israel to Tunis and back. On their way they were under scrutiny by American satellites; by the radars and surveillance devices of the British RAF base in Cyprus; by American army radar in Sicily; and of course by the U.S. Sixth Fleet, whose avowed task is to monitor any suspicious military and civilian overflight and shipping movement in the Mediterranean. Moreover, the Israeli airforce combat unit was refueled somewhere in the Mediterranean: according to

Israel—in the air, a most unlikely event for such a large contingent; according to PLO sources—in Sicily, by American crews.

Arriving over the city of Tunis in the relatively early morning, the planes made three runs on the Palestinian base sited on Hamam-Lif (Hamam beach) where Arafat has his headquarters. The planes ignored Palestinian administrative offices, on one side of the PLO compound, and concentrated on bombing Arafat's personal quarters, his conference rooms, and the barracks of his personal guard—all of these in the same two buildings. At least 68 men and women were killed, more were injured. Between 12 and 20 of the victims were Tunisian policemen and guards appointed by the government of Habib Bourguiba.

The aim was, obviously, the immediate assassination of Yasser Arafat and his entourage. It failed because Arafat, who had been away on a trip, had returned late and not gone to sleep in his usual chambers, in Hamam-Lif. According to one version, the PLO chairman was jogging nearby, along the coast, when the attack started.

Shortly after, Shimon Peres and Defense Minister Itzhak Rabin made a variety of statements, the gist of which was that they hoped the attack would not impede the ongoing peace process. This was not just cynical propaganda; it was also an expression of the Labor leaders' belief that they could get away with trying to assassinate the Arafat leadership, while dealing with Jordan, Syria, the United States, and the Soviet Union.

One puzzling feature of the Israeli attack on Hamam-Lif was that the IDF planes had to fly, at least for a short while, inside the surveillance area of Libya's radar installations, which are said to be manned by Soviet specialists. It was thus possible that, as in assassination attempts carried out by the Mossad in the past, Israeli-Libyan collusion occurred, between two enemies concerned with the elimination of a common foe—Yasser Arafat.

It is also possible that the radar technicians had been instructed to alert their bosses only concerning flights directly aimed at the Libyan territory. However, if these installations were really manned by Soviet personnel, one cannot accept this view: The Red Army would not throw away such an excellent listening post. The only remaining possibility would be that the Soviet radar men were incompetent, had been replaced by Libyans—or had been instructed to do nothing.

The other assassination plots

Originally, the imaginative Peres plot included attempts to assassinate not only Arafat in Tunis but also Abu Jihad and Muhammed Milhem in Amman. Only the strongest American and Jordanian warnings, that any military operation against PLO personnel or leaders on Jordanian territory would bring about the break-off of negotiations with Israel, caused the planners to drop this option.

Abu Jihad, also known as Khalil el Wazir, is of course the Fatah leader responsible for armed struggle, and for the

Occupied Territories—the West Bank, Gaza Strip, and the State of Israel (1967 borders), in PLO parlance. He is also one of the most decisive hardliners inside Fatah. On the contrary Muhammed Milhem, PLO Executive member in charge of the Occupied Territories, after his colleague Fahd Kawasmeh was assassinated by pro-Syrian agents in December 1984—is a moderate and known for his non-military activities. Nonetheless, later on, the Mossad released disinformation material attributing to Milhem a leading role in "Force 17," Arafat's bodyguard-turned-operations force.

According to certain Israeli sources, other PLO leaders whom the Peres plot would like to liquidate include leading moderates Khaled el Hassan and Abu Mazen (Mahmud Abbas), and specific moderate PLO cadres elsewhere. As so often in the past, the idea would be to decapitate the moderate camp inside the PLO leadership, and to provoke such Palestinian anger that an extremist or radical would succeed Arafat as the head of the PLO, thus polarizing the political situation and destroying the PLO's image as a responsible movement of national liberation which seeks an honorable peace.

Intriguingly, should Abu Jihad, Abu Mazen, and Khaled el Hassan disappear, together with Arafat, the heir apparent would be the remaining senior Fatah founder, Abu Iyyad—considered by some to be the instigator of "Black September" in the 1970s (although nowadays he is on record as supporting Arafat's "diplomatic" line); Abu Iyyad who is, even today, the head of the "parallel services" of Fatah and the PLO.

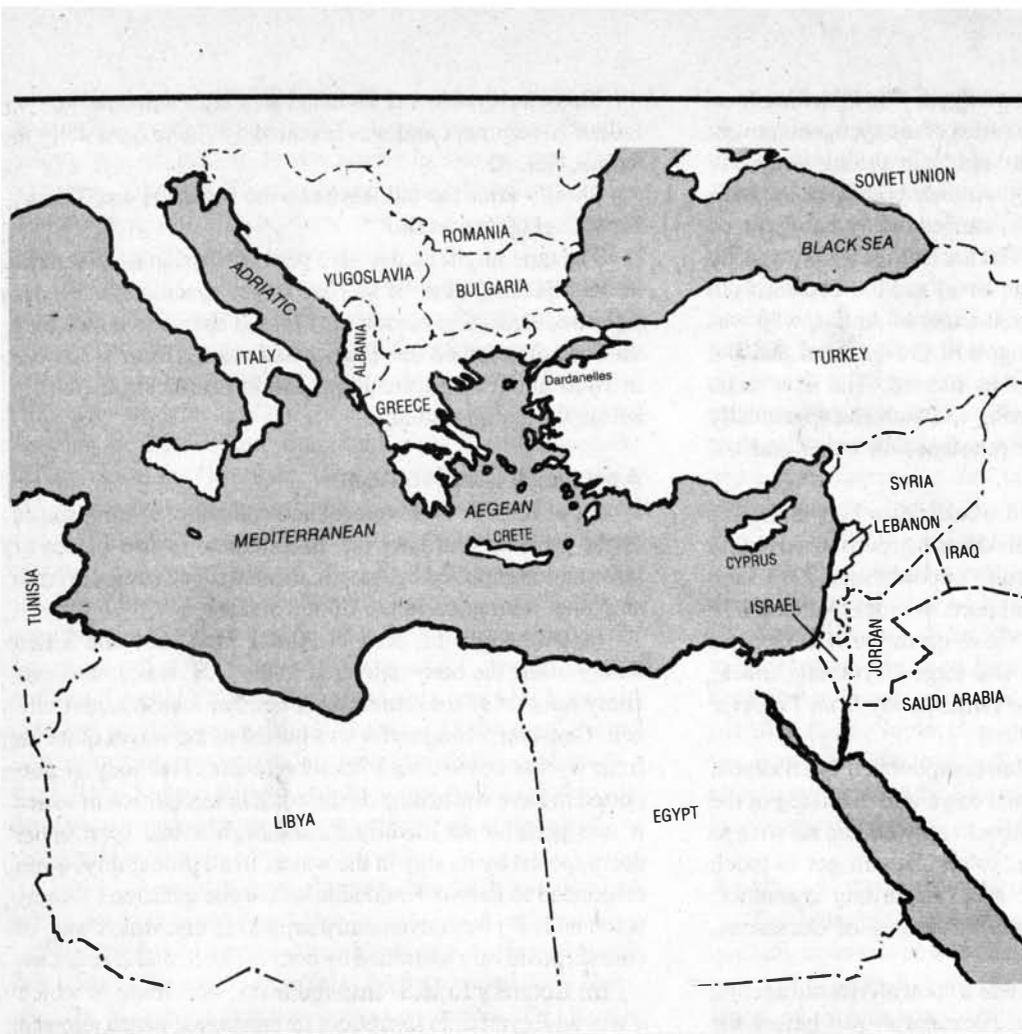
The *Achille Lauro* intrigue

Although Israel failed in the Tunis assassination attempt, it succeeded only too well—probably with Syrian help—in its effort to discredit the PLO as a political force both willing and able to talk peace. This happened during the incident of the Italian pleasure-cruise vessel *Achille Lauro*, and during subsequent events.

While Israel succeeded in this aim, it failed miserably in undercutting worldwide support for the PLO; and unwittingly contributed to the destabilization of American-Arab relations (and most particularly relations between Washington on one side and Egypt, Sudan, and Tunisia on the other). Israel also failed to convince the U.S. that future talks with the PLO will remain out of the question after the Bush crew replaces, probably in 1986, the Reagan-Regan-McFarland administration.

Too much has been written about the hijacking incident to go into details here; let it suffice to remind the reader that a group of four Arabs hijacked the Italian vessel off Egyptian coasts, threatened the captive passengers, and that finally one of them killed a 69-year-old Jewish American invalid, Joe Klinghoffer from New York, who was then shoved into high sea, along with his wheelchair.

The ship was immediately monitored and surrounded. Broadcasting traffic between the Egyptian authorities and the ship was followed by contact between the group with first, Syrian wireless posts and then Tunisian PLO bases, from



which Abu el Abbas broadcast to them a non-committal message.

Following this, the four men surrendered to the Egyptian authorities, who vowed they would be put on trial. Arafat and his aides denied prior knowledge of the raid, said to be carried out by the Palestine Liberation Front, an organization split three ways: with its center close to Arafat, in Tunis; an independent but in fact pro-Iraqi group in Lebanon; and a pro-Syrian split in Damascus.

The hijackers were then put on an unarmed Egyptian plane, which was to take them to Tunis for delivery into Arafat's hands, the PLO leader having pledged to President Mubarak that he would bring them to trial. On the way, on Oct. 11, the plane was forced to deviate from its course by two U.S. jet fighters, which then forced it down onto a U.S. airbase in Sicily, Italy. At first, U.S. soldiers in Italy threatened to shoot it out with their Italian counterparts, when the Italian army and police started arresting the men—who, it turned out, included Abu el Abbas, who had flown to Egypt to accompany and debrief the hijackers.

Followed, in rapid succession: the arrest of the hijackers; Abu el Abbas's release and escape through Yugoslavia to Southern Yemen; the downfall of the Craxi coalition in Rome and its subsequent re-forming, with the precise self-same

composition, accompanied by a surprisingly bitter Craxi statement justifying PLO armed resistance; a statement by PLO Political Department head and extremist Farouk Kadoumi, denying that the hijackers had assassinated Klinghoffer and challenging Israel to show the body; and the providential finding of the victim's corpse, its rapid identification in Syria and its flight back home to New York for what amounted to a state funeral, in the course of a well-orchestrated propaganda campaign.

Shortly afterwards, on Oct. 14, the British government of Margaret Thatcher reneged on its agreement to meet with a two-man delegation composed of Muhammed Milhem and Bishop Eliya Khoury—and here, too, the Palestinians contributed to their own discomfiture: Bishop Khoury had failed to read the final version of the planned British-PLO statement which not only denounced terror but also agreed to recognize, unilaterally, the State of Israel. As the original draft of this statement had spoken of "mutual recognition of the PLO and Israel," Khoury refused to sign and, upon contacting the PLO in Tunis and Jordan, was indeed instructed not to do so—and the PLO appeared as the main guilty party, although the British had, in fact, carefully prepared the terrain for the Palestinians' pratfall.

All this is more or less known. The following facts,

however, are not widely acknowledged: The hijacking incident was, in fact, the result of a series of independent moves, in the Palestinian camp, which kept "slip-sliding away," in the terms of a well-known song. At their base were the individual assassinations of Israelis, carried out by unorganized Palestinians in the Occupied Territories, then followed by directives to PLO fighters inside Israel and the Territories to adopt the same tactic; to the great anger of Arafat, who was then (and is still) trying to arrange a PLO-Jordanian deal and whose "diplomatic line" was thus marred. The new tactic was sponsored by the radical wing of Fatah and specifically those dealing with the armed resistance in Israel and the Territories.

Following this, smaller and weaker elements under the PLO umbrella, including Abu el Abbas's groups, tried to find similar and even more spectacular opportunities. One such idea was to get Israel's Ashdod port, in order to attack IDF units there and, if possible to move on to the IDF General Staff headquarters in Tel Aviv and stage a symbolic attack, the message being: "Tunis is no farther away from Tel Aviv than Tel Aviv is from Tunis."

In fact, this was a suicide plan compounded by an almost certain bloodbath of civilians; and one not to the liking of the most sophisticated among the hijackers, who had no wish to die. According to one version, some of them got in touch with the Syrian-sponsored PLF split. According to another, they already were double agents in the pay of Damascus, from the very beginning.

On board the *Achille Lauro* was a team of Mossad agents. Strangely, they left the boat in Alexandria, just before the hijacking. Even more strangely, the arms and "suspicious behavior" of the Palestinians were then discovered. Abu Abbas's men then supposedly decided to hijack the boat. After hijacking the ship, they went on to waters off the Syrian coast and requested asylum.

To their utter surprise, they were not granted such asylum. Syria was delighted at the opportunity to hurt the PLO's reputation and efforts. That much is clear. The question is: Why did the hijackers expect Syria to accept them, if they really were pro-Arafat-PLO men?

The answer to the mystery may lie in an exchange between the Syrian Tartus Harbor Control Authorities and the hijackers, on Oct. 8:

TARTUS: *What are you doing now?*

THE SHIP: *Proceeding with our mission. But we do not know what to do since we did not receive any reply.*

TARTUS: *You have to continue with implementing the plan.*

THE SHIP: *Until now we have not received any reply.*

TARTUS: *Continue your mission and proceed to the place agreed upon.*

This conversation is included in a tape delivered to the Italian government and was revealed by *Paese Sera* daily in Rome, Oct. 31.

Shortly after the talk between the hijackers and Tartus, Joe Klinghoffer was shot.

The tape might be decisive proof of Syrian involvement in the hijacking case. If so, one might speculate that Syria informed Israel and caused the Mossad agents (who were on the boat, after Israeli intelligence had learned from its sources in Tunis about the forthcoming Ashdod attack) to leave ship before the action started.

American involvement

Proof of U.S. involvement and collusion, at early stages of the incident and later on, is contained in two pieces of information supplied by American intelligence circles to Arab and other journalists in the United States.

(a) Although the Abu el Abbas men shot and killed Klinghoffer, the body delivered to the U.S. was almost certainly not that of the murdered American Jewish senior citizen. Consider: Klinghoffer was hurled to the waves quite far from Syrian coasts, *with his wheelchair*. His body is purported to have washed up on the coast in a condition in which it was possible to identify it, although it had been badly decomposed by its stay in the water. In all probability, Syria responded to Farouk Kaddoumi's obscene question ("Where is the body?") by conveniently supplying one which was, of course, positively identified by both the U.S. and Damascus.

(b) Contrary to U.S.-inspired leaks, according to which it was an Egyptian indiscretion, or messages, which allowed the U.S. to know to where and when the Egyptian plane was flying from Cairo with the hijackers, the message was in fact passed on to Washington—unwittingly and in good faith—by President Bourguiba's entourage. Washington (which had, one must remember) repeatedly promised Bourguiba that the PLO would get sanctuary in Tunis and that Tunis would never suffer from attacks on its territory, then moved to seize the plane.

Contrary to disinformation conveniently supplied to the international media, complete with cutely drawn maps, the Egyptian plane was not hijacked off Egyptian coasts but rather—80 miles off the Tunisian coast.

This explains why President Reagan agreed to extend an apology to Bourguiba but not to Mubarak: The Tunisian opposition knows how the U.S. learned the flying plan of the Egyptian jet and had to be pacified with an official step—lest it destabilize (with a little help from Muammar Qaddafi in neighboring Libya) the pro-American and pro-French Bourguiba regime.

The Russian hostages

A turning point in the PLO-U.S.S.R.-Israel triangle of relations was the episode of the four kidnaped Soviet diplomat-advisers, taken in Beirut by a Shia dissident faction on Sept. 30. The group demanded that all Soviets leave Lebanon

immediately and stated that the four would be killed if its demands were not met. On Oct. 3, two days after the ultimatum was phoned in to the Soviet Embassy, one of the hostages, Arkady Katkov, was shot dead. The Soviets then started evacuating civilian personnel and a number of diplomats from the U.S.S.R. Embassy in Beirut.

The incident, which occurred while secret negotiations were ongoing between Israeli and Soviet diplomats, had the effect of accelerating these talks, all the while strengthening that faction in Moscow which supports renewed diplomatic relations with Israel, as part of a package deal to be signed between the Soviet Union and the United States, hopefully in the wake of the November Geneva talks. A Soviet demand to Syrian authorities to exert influence on the Shia in Lebanon and to bring about the release of the remaining three Soviet citizens, came to nothing.

A number of governments and powers then launched their own investigations, to find out exactly who had kidnaped the Soviets—and why. The only successful investigation (or perhaps it would be better to say the only one which yielded practical results) was conducted by the PLO on the personal instructions of Yasser Arafat, who promised—and paid—ten million Lebanese pounds (about one million dollars) to the person or persons who discovered the whereabouts of the kidnaped Russians—alive.

The PLO enquiry soon revealed that the kidnaping had been carried out by a breakaway splinter of Amal, working independently and against the authority of Amal leader Nabih Berri, under the orders of a Shia chieftain called Akel Hamieh. The kidnaping unit was composed mostly of Lebanese Shia, but included at least one officer of the Syrian special services, whose name is known.

After the kidnaping, the four Russians were held in a house belonging to one Hassan Hashem, located between Shawfat and the Beirut airport.

Syrian involvement in the kidnaping was also apparent because the Soviet Embassy in Beirut is an area half-controlled by Amal (and any dissident grouplets inside the Shia militia) and half by the Progressive Socialist Party (PSP), which sides with Damascus. Both groups have a number of roadblocks and checkpoints and it is quite impossible for a kidnapers' vehicle to leave the area surrounding the Soviet Embassy without being spotted by either the Shia militia or by the PSP.

Knowledge of the Soviets' whereabouts brought on immediate Soviet government pressure—and, in its wake, Syrian pressure on the kidnapers. The Russians were set free.

The incident provoked drastic if subtle changes in Soviet attitude, strengthened, it is true, by the fact that the Israeli-Soviet ploy had not met with real success in Washington. Not only did Moscow now take its distances with Damascus, but Mikhail Gorbachov wrote a personal handwritten letter of thanks to Yasser Arafat. The Central Committee of Fatah was also invited for talks with the Soviet foreign affairs heads.

Arafat himself, however, was not invited to go to Moscow since he went on with the PLO-Hussein initiative and the Soviets had excluded his meeting with Gorbachov as long as he did not drop the Jordanian King.

As for the Soviet-Israeli talks, they went on in a rather desultory way with minor points being granted to the Israelis by Moscow—the exit visa granted to the wife of Jewish-Soviet dissident Andrei Sakharov, who was allowed out of the U.S.S.R. for “medical treatment”; renewed, if officious, diplomatic relations between Poland and the State of Israel, statement by Hungarian officials that they would welcome trade relations with Israel; and above all, a number of Peres and Labor statements that the exit of “Soviet Jewry” was close. Since the Soviets object to such Soviet Jewish citizens going on to the West, President Mitterrand of France, well-known for his Zionist sympathies, even offered to make these emigrants into a kind of “captive audience,” through their by-passing Vienna—from where they often abandon the route to Israel and emigrate to America—to be airlifted instead by French Air France airplanes. Since, once they are inside Israeli borders, Soviet immigrants must pay back to authorities some \$6,000 “trip and settling expenses,” this would effectively prevent the Soviet Jews from going anywhere, in the foreseeable future.

Arab rearrangements

The kidnaping incident contributed, however, to some unlikely reversals in what seemed to be established alliances inside the Arab world. On Nov. 12, conciliatory efforts launched months earlier by Zeid Rifai, Jordan's new, pro-Syrian prime minister, bore fruit and a trip to Damascus by a Jordanian delegation was crowned by a series of joint Syrio-Jordanian declarations stating, firstly, that “there were no bilateral problems between Syria and Jordan”; secondly, that both countries were for an international peace conference on the Middle East with the participation of the Soviet Union (the PLO not being mentioned). A third statement was released by the Hashemite Court, in which it was declared that “enemies of Syria who had misused our religion” had, indeed, operated out of the Hashemite Kingdom of Jordan in the past, “misguiding” the authorities. Thus, a major *casus belli*, and a bone of Syrian contention, was eliminated after Hussein's government had publicly apologized for supporting Sunnite “Muslim Brotherhood” activists operating against the Hafez el Assad Alawite regime in Syria from inside Jordan's borders.

Meanwhile, on Aug. 14, a first meeting between King Hussein and Yasser Arafat ended with far less negative results than had been eagerly expected in Washington and in Jerusalem; in fact, a rather conciliatory statement was released, after Arafat promised to restrain elements fighting under the PLO umbrella who wish to use armed force against Israeli, Jewish, or American targets *outside Israel and the Occupied Territories*. The Jordano-PLO statement of Aug. 14 reaffirmed the necessity of an international conference

with all parties concerned, and the need for the PLO to participate in peace negotiations. As such, it was a blow in the face to Washington—or rather a counter-blow, after the U.S. administration's decision to postpone the sale of arms and missiles to Jordan until March 1986, and to reject any talks involving PLO-backed notables.

Jordano-Palestinian ambiguity

The Arafat-Hussein meeting, held on Oct. 28, was conducted in a rather ambiguous atmosphere—with the Israelis, Syrians, and Americans standing in the wings and biting their nails, debating whether King Hussein would or would not drop Arafat.

On the one hand, Hussein and his Court advisers blamed Arafat for not having taken decisive steps, but above all for not being able to restrain his followers, be it Abu el Abbas with his murderous sea-commandos, or PLO Executive member His Grace Bishop Eliya Khoury, who had failed to read the joint British-PLO draft statement before coming to London.

On the other hand, King Hussein was well aware of his lack of political options, without Palestinian participation. In the words of one rather undiplomatic Jordanian diplomat, stationed in a superpower capital: "The King is aware that, should he back non-PLO notables as discussion partners with the Americans, he may have signed his own death warrant."

On one hand, Yasser Arafat was rather worried about the possibility of a renewed Damascus-Amman axis being in the works, an *entente cordiale* which would add the Hashemite Kingdom of Jordan to those—including Lebanon and even Israel—who were content to work the Arab scene in the ever-lengthening shadow of Hafez el Assad.

On the other hand, the PLO Chairman was well aware that King Hussein and Zeid Rifai might become the architects who could mend his broken bridges to Damascus.

El Assad had agreed to the Jordano-Syrian reconciliation talks under the auspices of Prince Feisal of Saudi Arabia, in accordance with a resolution of the Arab Casablanca Summit of Aug. 7-9, 1985. During the first phase of these talks, the Saudi mediator asked El Assad to come to the next Arab Summit even if Arafat was present, El Assad having boycotted the Casablanca meeting. The Syrian leader agreed grudgingly, but remarked that he might come with a Palestinian delegation of his own, led by Khaled el Fahoum, the ex-Chairman of the Palestinian National Council (or Parliament), who was removed from his post by the Amman PNC for being pro-Syrian. Now, in the second phase of the negotiations, El Assad seems to be adopting more flexible attitudes towards the PLO leader—but he still encourages the dissidence.

Thus, the pro-Syrian "Front of Salvation," and perhaps other groups including George Habash's Popular Front for the Liberation of Palestine (PFLP), may hold a "convention" of their own in Damascus. The PFLP and Nayef Hawatmeh's Democratic Front for the Liberation of Palestine (DFLP) are

worried that such a meeting would be interpreted as "an alternative to the PLO and the PNC"; nevertheless, under certain circumstances, they would participate.

The Middle East imbroglio brought about one further irony: The most militantly extremist Palestinian groups were now in the wake of Syria, an Arab state which, just like Jordan and Egypt, has permanent and regular coordinating meetings with Israel, yet refuses to accept the PLO's own contacts with . . . Egypt and Jordan.

Re-enter Egypt

Under the threat of a Syrian-controlled axis, including Saudi Arabia, Jordan, and Palestinian dissidents or captive politicians, Egypt's President Hosni Mubarak had to re-think his policies. Already bothered by the fact that Camp David had allowed Israel to invade Lebanon and kill over 20,000 Arabs, not to mention having allowed Israel and the U.S. to destroy the Arabs' former apparent unity, Mubarak got further annoyed by the sharp needle pricks of the Taba dispute (involving a microscopic bit of Egyptian territory, on the Red Sea coast, which Israel refused to evacuate), and by the behavior of the Israeli diplomats and spooks in Cairo. His resentment was shared by a great many Egyptians—including one soldier who killed in anger Israeli tourists, and a splinter saboteur group which shot an Israeli diplomat in Cairo.*

The consensus in Egypt, which since 1977 had been almost unanimous for an honorable peace with Israel, became far less so, since 1982 and Tzahal's invasion of Lebanon when it became apparent that though peace there be, it is neither honorable nor convenient for Egypt's interests in the Arab world—where it really matters.

True enough, Egypt got—and still gets from the U.S.—military and economic aid which, although much inferior to Israel's,† is still the second-largest bounty granted by Washington to any country anywhere; true, too: Peace with Israel had allowed Mubarak to consolidate a rather wise and mild home-rule, after a period in which Egypt's regime had become acutely destabilized under President Anwar Sadat, culminating in Sadat's assassination by fundamentalist Muslim officers of the army, in October 1981.

Yet, Egyptians everywhere smart under the loss of honor they feel their nation has suffered since Sadat went to Jerusalem in 1977 to sign a peace agreement with Israel. The rise of Egyptian fundamentalism on the one hand, and the arrogant behavior of Israel on the other, had been added to Egypt's gigantic and pandemic woes: mounting inflation, lack of foreign currency reserves, an inability to finance decentralized village-industrialization under the strictures of American aid, and a population that will soon reach 50 million souls—in a land which is huge but has nevertheless only a fertile and useful surface no bigger than Belgium's. All these prepared the ground for a change of heart. "The Egyptian fellah (or peasant) is polite, even servile, and slow to anger. But when he does finally break out he is like a volcano," an

Egyptian personality told *I&P* while passing through Paris. Not just the fellah. The political and military class, too.

But honor alone is not a detonator. It may be an explosive charge. Still, the need exists for a specific situation to develop to the point where the package detonates. Such a situation arose when Syria and Jordan got together to try and reconcile their positions, with Saudi blessings, Israel watching benevolently in the sidelines and Washington teleguiding Prince Abdullah's and Prince Feisal's moves. It then became clear to Mubarak that the American-Israeli grand design included a contemptuous appraisal that Egypt would and should remain a stringer country, fated to stay forever in the backwaters of the real decision-makers of the Middle East: Israel and Syria.

If doubt there was, it was removed by Washington's behavior during the incident involving the hijacking of an unarmed Egyptian airplane by supersonic fighter-bombers of the U.S. Air Force. The taking of the plane carrying the Abu el Abbas saboteurs was hailed enthusiastically in the United States as an American victory—just like the invasion of Grenada, years ago. Neither the *New York Times* nor the *Washington Post*, neither NBC nor ABC, bothered to point out that U.S. military power has been consistently stymied by far inferior forces—as witnessed by the Marines' withdrawal in Lebanon, U.S. soldiers killed in El Salvador, or even the still remaining U.S. hostages held by the Shia Hezbollah. In fact, whenever the U.S. confronts resolute and armed opponents, it is forced to give way.

Yet, inside the U.S., it was enough to have the greatest superpower force down an unarmed airplane, for a deliriously happy press and public to applaud Ronald Reagan.

A born actor cannot refuse applause. No matter that anti-American riots broke out in Khartoum, Sudan, and sharply repressed demonstrations were held in Cairo itself; no matter that Rome's and Tunis's power centers wobbled and King Hassan II of Morocco cancelled a state visit to Washington; Reagan refused to apologize to his good friend and ally Hosni Mubarak for downing the Egyptian plane—but, following frantic cables from the U.S. ambassador in Tunisia, apologized to the Tunisian President, Habib Bourguiba.

Historians may one day decide that this was the turning point in Mubarak's policy—towards the U.S., Israel, and the Palestinians. Not out of pure anger, no: simply because it had become crystal-clear that the U.S. was willing to sacrifice Mubarak himself, having in the wings a far more pro-American candidate, Chief of Staff Abu Ghazaleh who, the CIA believes, might accommodate Washington's pro-Israeli policy. And then again, might not: The Egyptian army's higher echelons, too, are becoming restive in the face of the latest developments.

Be this as it may, Mubarak has decided to create a counter-axis to prevent the consolidation of—for him—a dangerous Israeli-Syrian-Jordanian pro-American bloc. The invitation of Yasser Arafat to Cairo, where the PLO Chairman went on Nov. 4, in the company of his most radical second-

in-command, Abu Iyyad, was nothing but the opening shot of this new Egyptian campaign. Mubarak is now intent upon the creation of a new Arab power bloc involving Egypt, the PLO under Arafat, Iraq, Northern Yemen, Sudan, and—should he be able to pry Hussein off his present course—the Hashemite Kingdom of Jordan. The Egyptian leader is said to be confident that such a grouping will force the Saudis away from their present pro-Syrian positions (caused by Riyadh fearing Damascus, as well as by simple gratification that at least *one* Arab country has some clout) and may even foil America's burning desire to keep Israel happy at all costs—even at the cost of supporting the Peres plot.

Arafat's anti-terror pledge

Thus, Mubarak's main concern was for Arafat to denounce terror or armed action outside Israel's borders and those of the Occupied Territories; and Arafat indeed chose to accept Cairo as the privileged site at which he made precisely this pledge.

On Nov. 9, *Le Monde* exceptionally front-paged Arafat's statement, made on Nov. 7—which so many of the Western media tried to tuck away into a modest column, at the back of the news. *Le Monde*'s acumen was better, since Arafat's declaration was rather exceptional.

Although the U.S. and Israeli media did their best to minimize the importance of Arafat's undertaking, Shimon Peres furiously protested in Cairo. To no avail: The Israeli press reported that Mubarak was intent on launching an international propaganda campaign underscoring the PLO's new line.

According to information which reached *I&P* in early November, the Egyptian leader intends to go further than that. Should Arafat demonstrate in deeds his willingness to curb the violent tendencies of some of the elements under the PLO umbrella, the Egyptian government may soon allow the PLO to transfer its political (but not its military and intelligence) bases from Tunis and Amman—to Cairo.

But even should this not occur, Egypt will surely fight any attempt to liquidate the PLO. Arafat's renewed ascendancy in the Palestinian camp, and his new willingness to come to terms with some kind of agreement between Palestinians and Israelis, may even become, soon, the door through which Egypt returns to the Arab world to claim its former and future central role in Middle Eastern affairs.

*The group, Egypt's Revolution, also carried out later the hijacking of an Egyptian airliner, in which more than 60 passengers found their death, on Nov. 24-25.

†In August 1985, Ronald Reagan signed a foreign aid authorization giving Israel \$1.8 billion in Foreign Military Sales (FMS) and \$1.2 billion in Economic Support Funds (ESF) for each of the next two years, and nearly one more billion in accessory grants—Egypt got \$1.3 billion in FMS and \$8.5 million in ESF. (Source: *Middle East Observer*, Vol. 8, No. 15, September 1985; published in Arlington, Virginia.)

New Yalta cult prepares U.S. abandonment of Philippines

by Linda de Hoyos

The degree of international pressures now being brought to bear to force the overthrow of Philippines President Ferdinand Marcos has not been matched since the similarly orchestrated campaign to overthrow the Shah of Iran in 1979. Over the period of the voting and vote count for the Feb. 7 presidential elections, the Philippines has been subjected to intense interference from those international oligarchical circles who are determined that the Philippines—like Iran in 1979—is to be sacrificed to the New Yalta deal with the Soviet Union.

It is no accident that among the leading operatives in the campaign against President Marcos and his government has been William Sullivan, the former ambassador to the Philippines, as well as to Iran during the last days of the Shah, who told the CBS "Morning News" Feb. 9: *"The facts as they emerge are becoming increasingly irrelevant because it's the perception that prevails both in the Philippines and, I think, internationally, that Mrs. Aquino won the election as far as the polling places were concerned, but the government, in the tabulation, changed the vote counts."*

Leading with the British press and the U.S. media, headed by the *Washington Post* and the *New York Times*, the New Yalta appeasement faction has fired all its guns to stampede the international community—and especially President Ronald Reagan and the American people—into the "perception" that Aquino did win the elections, and that the re-elected Marcos government is illegitimate.

The facts are to the contrary—as anyone who has actually visited the Philippines recently will attest. President Marcos is not a "hated dictator," in the Philippines at least. As a member of the U.S. Federal Election Commission who worked with the pro-Aquino watchdog committee to tighten the election laws and who has toured throughout the country, stated Feb. 7: "If this were the purest, most squeaky clean

election in the world, Marcos would win with no problem. . . . The KBL [ruling New Movement Society party] machine is by no means collapsed. It is a political machine that works and it reaches to every village and town in the country. Any fraud that does occur will not be fatal to what the Filipino people want."

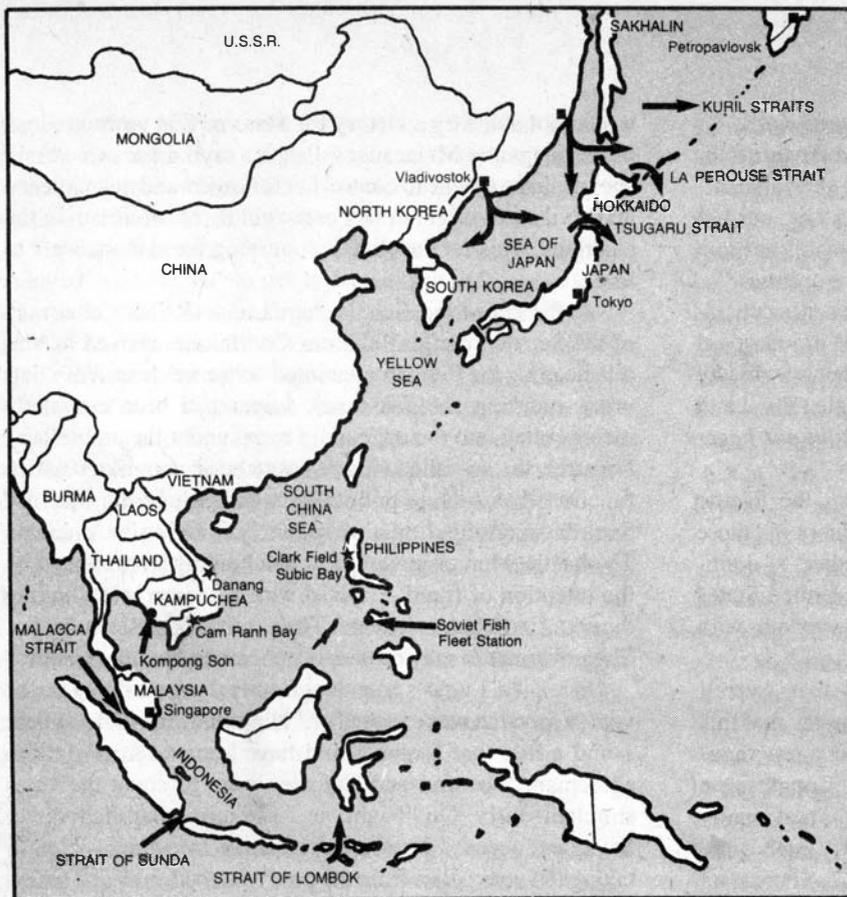
This is a reality that even the State Department desk would concede. On election day, desk officer William Harben told *EIR*, "The KBL is pretty effective at delivering the vote. But she did give him a close race."

But, one week later on Feb. 14, Sen. Sam Nunn (D-Ga.), ranking Democrat on the Senate Armed Services Committee, declared in a letter to President Reagan: "The Philippine people want President Marcos out and they have elected Corazon Aquino." Nunn told Reagan to "issue a notification that U.S. aid to the Philippines will be terminated if the will of the Philippine people, as expressed by the ballot box, is not followed."

The strategic stakes

The withdrawal of support for the Shah of Iran, orchestrated by William Sullivan from Teheran, opened the gates for the coming to power of the Ayatollah Khomeini, the obliteration of American military presence in the country, and the transformation of Iran into a deadly tool for Moscow against the United States.

In the Philippines, the objective of the withdrawal of support from the Marcos government—in violation of the national sovereignty of the Philippines—is to pave the way, not for the rise to power of Aquino, but for civil war. Then, against the will of the Filipino and American people, the American bases at Clark Field and Subic Bay are to be withdrawn, in conformity with the New Yalta plan to hand the Eurasian land mass and Africa over to Moscow's hegemony.



As the map shows, the nation of the Philippines is right at the crossroads between the Indian Ocean and Pacific Oceans, at the center of the South China Sea. Before 1978, the Soviets had no presence whatsoever on the South China Sea—a crucial link in the supply line to Japan. Now they have bases at Cam Ranh Bay and Danang in Vietnam, and at Kompong Son in Kampuchea facing the Gulf of Thailand, and in key positions to block the Malacca and Lombok Straits. Were the U.S. bases at Clark Field and Subic Bay to be removed, the Soviets would have full hegemony over the South China Sea, by default, leaving the United States' other allies in Southeast Asia and Northeast Asia vulnerable and over-exposed to Soviet deployment.

On ABC's "Nightline" Feb. 5, President Marcos explained to the American people the necessity for the U.S. strategic bases in the Philippines: "I've always maintained that those bases are needed by the two governments and probably by Asia itself, if not the world. You cannot project your naval and air power beyond the South China Sea, as well as to the Indian Ocean and the Hormuz Straits in the Middle East, without those bases. And we also recognize that Asian countries may be in danger, if the balance of military power were not maintained between the two superpowers. And therefore, the ultimate and noble purpose of all of this is to maintain that military balance in order that we can avoid war in Asia. This is to the advantage of not only the United States and the Philippines, but the advantage of all Asia, and perhaps all of the Middle East, Europe, and perhaps the world."

President Reagan amplified on this strategic overview during his televised press conference Feb. 11: "One cannot minimize the importance of those bases, not only to us but to the Western world and certainly to the Philippines themselves. If you look at the basing now of the blue-ocean navy that the Soviets have built, which is bigger than ours, and how they have placed themselves to be able to intercept the 16 chokepoints in the world. There are 16 passages in the world, sea passages, through which most of the supplies and the raw materials and so forth reaches not only ourselves but our allies in the Western world. And obviously the plan, in case of any kind of hostilities, calls for intercepting and closing those 16 chokepoints. And we have to have bases so

that we can send forces to reopen those channels. I don't know anything that's more important than the bases on the Philippines."

Nevertheless, it has become the cry of the U.S. media that the bases are to be forfeited in the name of "democracy." *Washington Post* columnist Richard Cohen stated the New Yalta political gambit most succinctly Feb. 11: "The U.S. bases at Clark Field and Subic Bay are *not vital*, but they are important. Still, it would be better to abandon them than fight the Philippine people in the cause of despotism [emphasis added]."

Congress was already taking the appropriate steps. During the elections, Rep. Ron Dellums (D-Calif.) headed a five-man congressional delegation to the Philippines and Guam to study how to shift the location of the U.S. bases. On Feb. 13, Senate Majority Leader Sen. Robert Dole (R-Kan.) reported that he would propose legislation requiring the Defense Department to study the feasibility of moving Clark Air Force Base and the Subic Bay Naval Station in Luzon, Philippines to another location. "There's going to be some unrest in that country, and I think we ought to be prepared in any event."

This view has now gained hegemony in U.S. policy circles, with the exception of Defense Secretary Caspar Weinberger, President Reagan, and the National Security Council. The New Yalta doctrine that dictates this policy was stated clearly enough by William Sullivan in his autobiography, *Obligato: Notes on a Foreign Service Career*. Sullivan explains: "Most of the American public failed to understand

that much of our postwar paramountcy was artificial. . . . *Our apparent hegemony was destined to be of short duration, unless our leaders sought to perpetuate it unrealistically. . . . We were, as a nation, deliberately reducing our hegemony and shrinking our international responsibilities to a scope more commensurate with our national capabilities.*"

Or, again: "Our foreign policy during the decades considered . . . will ultimately be seen not as a series of rearguard actions by cohorts defending against assaults upon a jealously guarded empire, but rather as a constant struggle to find and develop worthy heirs to handle *those elements of our hegemony we no longer wished to dominate.*"

Western Europe, Africa, the Middle East, the Pacific theater—and the Philippines—fall into that category of "those elements of our hegemony we no longer wished to dominate." Or, as Henry Kissinger put it in 1983: United States hegemony must be reduced to 25% of its postwar extent, with Moscow as the "worthy heir."

Sullivan, a protégé of financier and diplomat Averell Harriman, long known as a Soviet appeaser, notes that this is the view shared by "at most never more than a few thousand" who "were deployed in the Cabinet and Congress, in the Armed Forces, in the Foreign Service, and occasionally in such private areas as the press; and we knew each other through mutual association or by reputation. . . . There is no doubt that we dominated the execution of our country's international affairs during those middle four decades of this century. . . . My purpose . . . is not to extoll *our cadre of centurions* or even to try to explain *our cult* [emphasis added]."

It is this cult, with its mobilized minions in the press, that is orchestrating the campaign to brainwash the American people and President Reagan to acquiesce to the United States' abandonment of the Philippines.

The perception game

From the very beginning, the Feb. 7 elections were shaped by the "perception game"—an effort by President Marcos to prove to the American people that he indeed enjoys the support of the Filipino people, as attested to by every poll that has ever been carried out, including that of the opposition Bishops Businessmen Council. The election was played out in the media in the United States as much as in the Philippines, as Rep. Stephen Solarz (D-N.Y.) called hearings on alleged Marcos plundering of millions of dollars into U.S. real estate, and then with new charges against President Marcos's record as a war hero. This smear campaign was not effective in the Philippines—for which it was not designed—but in the United States. Solarz led the drumbeat that unless the presidential elections were "credible," the United States should cut military and economic aid to the country.

The perception game was drastically escalated in the final week before voting day. On Feb. 5, Corazon Aquino announced in her flat monotone voice on ABC's "Nightline" that she would win by a landslide, and proclaimed that she

would not abide by a victory for Marcos. She vowed to lead protests against Malacanang Palace, saying she was afraid she would be unable to control her followers and that violence and civil strife might in fact break out in the aftermath of the elections. This set the climate for crying fraud if she were to lose.

At the same time, Sen. Richard Lugar (R-Ind.), chairman of the Senate Foreign Relations Committee, arrived in Manila heading the Reagan-appointed "observer team." By Saturday morning (Manila time), Lugar had been completely incorporated into the opposition camp under the umbrella of Namfrel, the so-called citizen's watchdog committee which functioned as Aquino pollwatchers throughout the vote. By Saturday morning, Lugar was publicly charging on American TV that the Marcos government was holding up the vote with the intention of fraud. "I plead with whoever is holding up the count to free it, to let it go. The vote has been slowed. . . . The government may be deeply concerned with the results."

In reality, Lugar's friends at Namfrel were holding up the vote, a *fact* that was exposed on "Nightline" the night of Feb. 7 and a *fact* that Lugar would have known. According to agreement, Namfrel and Comelec were to count the votes simultaneously. On "Nightline," Comelec chairman Victor Savellano accused Namfrel's chairman José Concepcion of taking the vote tallies from the precincts in Manila and sitting on them for hours—depriving Comelec of the tallies. On the basis of these tallies, the Namfrel issued its projection of an Aquino victory. Concepcion, also on "Nightline," did not dispute the facts of Savellano's charge.

Not only did the government not "slow down" the vote—Lugar's Namfrel did. Yet, after this episode, "observer" Lugar said, "Now Namfrel is our eyes and ears."

Then, on the basis of the skewed vote count released by Namfrel, giving Aquino the early lead, Aquino proclaimed that she had won the elections, and that in two to three days, she would begin negotiations with Marcos for "the transition." If Marcos did not step down, Aquino stated, stepping right out of the constitutional process altogether, she would lead protests until he did.

By the night of Feb. 8 (Eastern Standard Time), another hoax swept the headlines: President Marcos was preparing to invalidate the elections, presumably because he had lost. The United States, news reports said, was preparing contingency plans to evacuate U.S. embassy personnel from Manila, denounce Marcos, and abandon the Philippines.

Meanwhile, for three days, Namfrel's percentage of the vote count was well ahead that of Comelec's, with Namfrel placing Aquino in the lead throughout. Then, abruptly, with only 66% of the vote tallied, Namfrel ceased issuing its count—as the pro-Marcos votes surged into Manila from the hinterlands. Namfrel charged that these votes were null and void, because Namfrel (that is, Aquino's machine) had no pollwatchers in these areas.

These realities, however, did not stop Lugar and his cronies from crying from Manila that vote fraud was being

perpetrated by Marcos on an enormous scale, and that the elections were likely not "credible." Lugar even went so far as to state that the United States would have to reconsider its aid policy toward the Philippines.

By the morning of Feb. 11, however, Corazon Aquino emerged "grim-faced" to call upon the United States to force Marcos to step down, stating that "now we will learn who our real friends are." The following day, she made an "address to friends abroad"—especially those in Washington—to overturn "one of the most shameful electoral frauds ever perpetrated against a people in the name of democracy. Do not make the mistake, in the name of short-sighted self-interest, of coming to the support of a failing dictator."

She then called for civil war, with an "appeal to our brothers in the military and policy" to come to "the gallant defense of our peace."

From Washington, the press corps hounded White House spokesman Larry Speakes demanding to know what the United States would do to overthrow Marcos. NBC's Leslie Stahl even went so far as to ask if the United States would call in the Marines to overturn the "stolen" elections.

Reagan draws the line

By the night of Feb. 10, however, the signs began to surface that President Reagan was not being fooled by either Lugar or the press. In an interview with the *Washington Post*, Reagan issued a statement of neutrality in regards to the outcome of the elections, which was taken as a rejection of Aquino's bid for Marcos's violent overthrow. "What we want once the Filipino people have made their decision and a government has been chosen," the President said, "then we would like to have the same . . . historical relationship we've had with the people of the Philippines and with their government."

Reagan rejected the idea of "credible elections" as the key issue, saying: "I'm sure that . . . even in elections in our country, there are some evidences of fraud in places and areas, and I do not know the extent of this over there. But also, do we have any evidence that it's all been one-sided, or has this been sort of the election tactics that have been followed there?" He then applauded the emergence of a two-party system in the Philippines. In an interview the same day to a group of regional reporters, Reagan said that the outcome of the elections must not be determined in Washington, but in the Philippines.

The President reaffirmed this stance at his press conference Feb. 11, three times pushing back attempts to force him to withdraw support from a re-elected Marcos government.

According to a Feb. 14 Reuters wire, the President's remarks "were seen to set back the work of the State Department by two years." The U.S. embassy in Manila, said other reports, felt "undercut." There was "consternation" at the State Department. President Reagan's response to the Philippines elections "is evidence that the White House has been transformed into an opium den," Representative Solarz was

quoted as saying in the Feb. 11 *Wall Street Journal*: "They've lost all touch with reality."

By Feb. 12, the State Department and allied forces regrouped for the counterattack. When President Reagan refused to issue a State-composed "harshly worded statement" on the elections, he was pressed to accept their fallback option—sending Kissingerian diplomat Philip Habib to Manila as a personal envoy. Accompanying Habib, who arrived in the Philippines Feb. 15, is John Maisto, State Department desk officer whose ties to the opposition have been documented in detail.

On Feb. 14, the State Department issued its "Human Rights Report" charging the Marcos government with "serious violations."

In Manila, U.S. Ambassador Stephen Bosworth, who has come very close to being declared *persona non grata*, met with Corazon Aquino to reassure her that President Reagan's statements did not connote a withdraw of support from her—and presumably her calls for civil war.

From Washington also, the International Monetary Fund declared Feb. 12 that it was postponing sending a delegation to the Philippines. Mooting a credit freeze like that perpetrated when Benigno Aquino was killed in August 1983, the Fund declared that it would now scrutinize the "political situation" to see if any further funds would be released.

Taking the lead in official abandonment of the Philippines was the British Commonwealth's Australia. The Australian defense ministry, the *Sydney Herald* reported Feb. 12, was reviewing its aid policy to the Philippines. And from Rome, the Christian Democracy International sent a telegram to President Marcos demanding that he step down since he had clearly "stolen" the election.

In the Philippines itself, the Catholic Church under Cardinal Jaime Sin, the protector of the Theology of Liberation priests who originally created and today run the New People's Army, came to the fore to back Aquino's bid for civil war. The Bishops Conference Feb. 14 declared that if "such a government [elected by fraud and intimidation, the statement asserts] does not of itself freely correct the evil it has inflicted on the people then it is our serious moral obligation as a people to do so. . . . The way indicated to us now is the way of non-violent struggle."

In this wave of international opinion against the Marcos government, two nations have stated their total unconditional support for the Philippines: South Korea and Japan. On Feb. 10, Prime Minister Yasuhiro Nakasone stated that Japan would support the Philippines no matter who is elected President. Two days later, Tokyo followed with a 3% interest loan to Manila. South Korean President Chun Doo Hwan issued a statement similar to Nakasone's. For these two American allies, it is the hard reality of a massive Soviet threat on the borders of their countries that counts. If the Philippines goes—as Sullivan's New Yalta cult are now projecting—the lifeline extending between Northeast Asia and the United States, will be fatally cut.

Iran's new human wave offensive

by Scott Thompson

Iranian troops on Feb. 9 launched a two-pronged human wave offensive, striking at Basra (the second-largest Iraqi city) to the north and the port of Faw, toward the Persian Gulf in the south of Iraq. Over 200,000 Iranian troops had been staged for the "Dawn 8" offensive, which is taking place on the eighth anniversary of the toppling of the Shah by the mad Ayatollah Khomeini.

While the Iraqi Third Army quickly annihilated those Iranian forces aimed at Basra, there are reports that Iran has conquered upwards of 280 square miles in the south, including the port city of Faw, which had been a major oil-pumping depot for Iraq prior to the outbreak of the Iran-Iraq war six years ago. This southern offensive has brought Iran's rag-tag army within 13 miles of the Kuwaiti island of Bubiyan, which has been jointly used by Iraq and Kuwait for exporting oil products.

This incursion threatening Kuwait highlighted threats from Teheran that all of the Gulf was at risk if Saudi Arabia and Kuwait did not stop their oil price war (see article, page 8). Within hours of the drive toward the Persian Gulf, Iranian President Ali Khamenei spoke with Libya's dictator Muammar Qaddafi and Syrian President Hafez al-Assad, Iran's sole allies in the "tripartite agreement" that marks the Soviet-backed Arab rejection front.

On Feb. 11, after speaking with Khamenei, Qaddafi threatened in an interview to the Italian daily *La Stampa*, "The war in the Gulf would escalate fatally, involving Saudi Arabia, the United Arab Emirates, if there are continuing attempts to play on the oil price decrease. . . . Pay attention to what I'm saying. It is very important."

The Iranian invasion drew an instantaneous response from a seven-nation committee of the Arab League, which had been formed after Iran's last human wave offensive in 1984. On Feb. 11, Kuwait issued the following statement: "Kuwait condemns and is deeply concerned by Iran's attempts to occupy Iraqi territory. Its offensive threatens security and greatly harms countries of the region." The next day, Saudi Foreign Minister Prince Saud al Faisal flew to Baghdad for a meeting of the Arab League committee, warning that unless Iran accepted an immediate cease-fire, continuation of the offensive "would undermine Arab-Iranian relations."

Prince Saud al Faisal was the de facto chairman of the meeting, which brought together the foreign ministers of

Saudi Arabia, Kuwait, Jordan, North Yemen, Tunisia, Morocco, and Iraq. The Kuwaiti news agency KUNA said that further talks would center on implementing decisions at a 1982 summit, in which Arab League states called for a united Arab defense against attacks on Arab territory. On Feb. 12, the Arab League called for a U.N. Security Council meeting on the latest offensive.

The United States, which is strategically allied with both Saudi Arabia and Kuwait, has also issued warnings against Iran. State Department spokesman Bernard Kalb said: "The United States views the newly intensified fighting in the Gulf War with deep concern." The possibility of direct U.S. intervention to protect the Gulf was raised by a military expert at the American Foreign Policy Institute: "Any substantial Iranian attack upon Persian Gulf shipping or neutral countries such as Kuwait or Saudi Arabia could force U.S. intervention."

The Iraqi counteroffensive

On the military front, Iraqi troops have been preparing a massive counterattack, and Baghdad claims it has Iranian forces surrounded in a gigantic pincer movement reminiscent of World War II. There are two areas of counterattack being planned. The first is to drive back enveloped Iranian forces, now retreating in a disorderly manner, thereby smashing them against the Shatt al-Arab waterway, which they had to cross at the beginning of the offensive. This will be bloody fighting, which has already resulted in 7,000 Iranians killed and 14,000 wounded. Baghdad Information Minister Latif Nassif Jassem accused the Iranians of using chemical weapons.

The second area of counterattack was proposed by the commander of Iraq's Third Army, who asked the Iraqi President for permission to launch a counteroffensive onto Iranian territory. Iraqi forces, backed by missiles, heavy artillery, and tactical air, have begun to move on Khorramshahr, once an Iranian city of a quarter-million, which had been the original Iranian staging area. Khorramshahr was captured and briefly held by Iraq at the beginning of the war.

Whatever the outcome of this fighting, and the situation presently favors Iraq's ability to contain the war so that it does not spread throughout the strategic Persian Gulf, Iraq has clearly been stabbed in the back by the Soviets. Only four days before the Iranians launched their offensive, the most senior Soviet delegation ever visited Khomeini's Teheran, led by First Deputy Foreign Minister Georgi Kornienko. Soviet officials said that Kornienko discussed economic cooperation, mutual oil exploration in the Caspian Sea, and Soviet arms sales to Iraq. Iranian Deputy Foreign Minister Ali Besharati declared that the two countries share a long history of "co-existence," and he hoped to strengthen ties with the Soviets. Moscow has long nurtured the hope of a "deal" that would permit the takeover of northern Iran after Khomeini's death.

The ISC: Moon and the Israeli Mossad

by Paul Goldstein

The Feb. 5 Israeli Air Force interception of a Libyan airliner which was supposed to have terrorist leaders aboard, but did not, was not simply a question of mistaken identity. Israeli intelligence had "ascertained" that the plane was carrying two leading international terrorists, George Habash, leader of the Popular Front for the Liberation of Palestine (PFLP), and the Syrian-backed Abu Musa of the Palestinian National Salvation Front. Instead, the plane carried a group of Syrian parliamentarians.

According to well-informed U.S. intelligence circles, Habash and Abu Musa had "gotten the word in Tripoli that an interception of their plane was planned and, at the last second, did not board the plane. What caused this miraculous stroke of luck is simple. Habash and Abu Musa were tipped off by the Sharon faction of Israeli intelligence."

Undoubtedly, Minister of Industry and Commerce Ariel Sharon would not hesitate to embarrass his rival, Prime Minister Shimon Peres, by such means. But the "mistake" also has a strategic dimension. The presence of Syrian government personnel on board has made of the intercept a diplomatic incident, which will therefore come up before the member-nations of the U.N. Security Council, including the United States. This must tend to put the United States on the spot. Does the United States support such actions by Israel?

So, while Sharon may have realized certain domestic gains from the intercept, its more profound purpose is located in Israel's effort to maneuver the United States into an "Alliance to Counter Terrorism (ACT)." The effect of this arrangement would be to subordinate U.S. intelligence to Israeli intelligence operational capabilities. That would serve to totally blind already near-sighted U.S. intelligence capabilities. The United States would then easily be set up to lose any remaining credibility in the moderate Arab world.

Although there is a real terrorist threat coming from the combined forces of the Soviet KGB, Syrian and Iranian intelligence, and the insane Qaddafi, Israeli intelligence, except for a small faction, is intent on using the terrorist issue to consolidate its grip over U.S. Middle East policy—not to stop terrorism.

The lobby for the so-called Alliance to Counter-Terrorism (ACT) was assembled at a conference held on Jan. 26-29 in Tel Aviv, under the title, "State Terrorism and the International System," sponsored by the Reverend Moon-supported International Security Council. ISC is headed by former U.S. Air Force Intelligence officer and Mossad asset, Joseph Churba. Attending were diplomats and intelligence and military officers from Costa Rica, El Salvador, West Germany, France, Greece, Israel, the United States, Japan, South Korea, Great Britain, Peru, and the Netherlands. The purpose of the conference was to consolidate participants into a lobbying force for ACT.

The two main organizers were Churba and Moon sidekick Col. Bo Hi Pak. The operation included *Washington Times* editor-in-chief Arnaud de Borchgrave, whose role is twofold. First, he has been traveling throughout Europe, meeting with security and intelligence officials on cooperation in support of U.S.-Israeli ties. He has met with Mossad officials in Paris, delivering messages from certain U.S. intelligence officials concerning the stalemated negotiations between Egypt and Israel over Taba, the last disputed territory in the Sinai the Israelis have refused to give up.

Second, de Borchgrave is a messenger into Europe and Israel for the same "New Yalta" crowd as the Averell Harriman liberal wing of the Democratic Party, but under a "right-wing" cover. The ostensible goal is a "power-sharing" relationship between the United States and the Soviet Union, with the Israelis, and, secondarily, the Syrians, serving as mediator. The agreement would involve a separate peace deal with Jordan and the destruction of the special U.S. relationship to Saudi Arabia. In reality, Russia would become the dominant power in the region, and Israel its premier satrap.

The Moonie-Mossad interface is based upon the belief among so-called CIA professionals that this provides an "excellent cover" for running covert operations without congressional oversight. These so-called professionals seem not to comprehend that the game has been rigged against U.S. intelligence operations, which need to be rebuilt on a sound national basis, and equal partnership with our allies in the Middle East, not on the basis of a special relationship with a Mossad which is already functioning as a Soviet asset.

The Moonie-Mossad combination aims to dupe U.S. military and intelligence officers, based upon their 1950s-style anti-communist outlook ("democracy versus communism"), which tends to completely overlook the manner in which Moscow and its Western allies are deploying.

The basis for this operation was put into place when U.S. Secretary of State Alexander Haig worked out a "Strategic Memorandum of Understanding" with Israeli Defense Minister Ariel Sharon in June 1981. Within a year, the special relationship gave Sharon the intelligence cooperation required to invade Lebanon beyond the 40-kilometer penetration point that even Menachem Begin had agreed to. When

President Reagan and Defense Secretary Weinberger put the combination of moderate Arabs forces behind the now moribund Reagan Peace Plan of 1982, the Mossad sabotaged the operation through deployment of "Arab radical" terrorist operations.

It is the special relationship to the Mossad which has consistently hamstrung U.S. policy in the Mideast and resulted in the expansion of Soviet influence in the area. It is this relationship which has permitted the Syrian intelligence services to expand terrorist operations against moderate Palestinian leaders, some of whom were cooperating with U.S. intelligence on the question of terrorism. In fact, the blowing up of the U.S. embassy in Beirut in 1982, killing the top CIA Mideast team, was aided and abetted by Ariel Sharon's networks. According to a top U.S. intelligence operative, CIA Mideast chief Robert Ames, one of those killed, had a liaison with Arafat's intelligence network.

The Moonie-Mossad relationship and the pushing of this Alliance to Counter-Terrorism will institutionalize the source of U.S. strategic disasters in the region. This is why Israeli Defense Minister Rabin and Prime Minister Peres announced that they will continue to carry out intercept-type operations. By using the counter-terrorist ploy as a means to wreak havoc with U.S. policy, the Israelis and their allies will be playing right into Soviet hands.

Coming in EIR: A Series by Anton Chaitkin

- How Abraham Lincoln, summoning Americans to war, transformed a bankrupt, demoralized, betrayed United States into the world's greatest industrial power.
- How Lincoln, not private enterprise, created the transcontinental railroads, America's "space program" of the 1860s.
- How Lincoln created the American steel industry. Though it has now collapsed, it could be restored, overnight, as it was built.
- How Lincoln, blackmailed by international bankers, reorganized the American banking system and forced the banks to play by the rules of our republic.

Terrorist supporters meet in Frankfurt

by Ulf Sandmark

Three bombings struck heavily populated quarters in Paris Feb. 3-5. The first in the Champs Elysées wounded seven, and another wounded four, but the total casualty count is not known as we go to press. However, what might have been an unprecedented massacre of innocents was averted when a fourth bomb was discovered on the Eiffel Tower and defused.

The bombings are of the same random-murder type as pre-Christmas massacres in Paris, where bombs exploded among crowds of shoppers.

On the same days in Spain, a police officer was blown up in his car and Rear-Admiral Cristobal Colon Carvajal was murdered when his car was hand-grenaded and machine-gunned. These crimes are being linked to the upcoming referendum on Spanish NATO membership March 12. The rear-admiral had been assigned to the NATO submarine section in the South Atlantic. His targeting was obviously not random.

Responsibility for the Paris violence was claimed by a previously unknown "Committee in Solidarity with Arab Political Prisoners," whose message demanded the release of three leading terrorists imprisoned in France: the leader of the Iranian group which attempted to murder former prime minister Shahpur Bahktiar in July 1980; the leader of the Armenians responsible for the Orly airport massacre of 1983; and the leader of the Lebanese Armed Revolutionary Faction.

The release of these three terrorists has also been demanded by Lebanese Shi'ites, who are holding four French hostages in Beirut.

School of terrorism

Whether the Lebanese or European terrorists are responsible for the bombings is almost immaterial. French, German, Italian, and Middle Eastern terrorist networks, it has become clear, are now so closely coordinated in their actions that they are virtually one and the same Soviet-sponsored network.

A glimpse of this reality could be had at the Technical Institute in Frankfurt Jan. 31 to Feb. 4, when, with the permission of the local authorities, 500 West German terrorist

supporters gathered for a conference on "The Anti-Imperialist and Anti-Capitalist Resistance in Western Europe."

The attendees were largely young punksters, not the sort of assassins or demolitions expert one would fear. But to be sure, among them were such terrorists, and terrorists of the future. The event was in effect run by the support-apparatus of lawyers and others who actually control terrorism, and in the herd of radical kids, some would undoubtedly be selected for the real thing. These kids had come out of the radical environmentalist and anti-NATO demonstrations of the early 1980s, and were now undergoing their second phase of screening to become actual terrorist killers.

The school was organized like a "New Left" 1960s sit-in, with people sleeping in classrooms, a separate room for lesbians, a big plenary-session hall with banners in support of terrorist groups and imprisoned terrorists. The corridors were full of posters and exhibitions on their activities. Slogans were even sprayed on the walls.

Security for the conference was maintained by about 30 people, about 20 at the entrance and the rest guarding entrances to the three upper floors. Each entrance was barricaded with tables and chairs. At the main entrance, all wore scarfs over their faces. Visitors were asked to take their coats off and a metal detector was used. The constant talk of police infiltrating the gathering, and searches by police outside the building, created a generally paranoid atmosphere.

The posters that filled the walls were mostly about terrorist prisoners and terrorist actions. One poster was a map of a city; the head offices of industries active in nuclear construction were circled; lines led to photographs of the buildings. One poster was a diagram illustrating Siemens control of the electronics industry. The political prisoners played up the most were German terrorist Gunter Sonnenberg and the late American George Jackson.

The plenary hall posters were dedicated to the imprisoned, with two banners, one dedicated to the dead Gunther Sore, and another to the "united fight against the enemy." The last included the symbols of every terrorist group in Western Europe, from the Red Brigades of Italy to the IRA in Ireland. Also visible was a skyline painting of skyscrapers with the symbols of Mercedes, Hoecht, ITT, IBM, and the U.S. dollar sign above them all. "Draw the line clearly against the enemy!" read the caption.

There were book tables for different international terrorist groups and prisoner-support organizations, selling terrorist magazines and ordinary handicrafts like hand-made dolls, paintings, and picture post cards—just as at an any church bazaar. The book tables were manned by a mixed staff of old ladies, relatives of prisoners, and aspiring young radicals.

Presentations were made on the terrorist actions and demonstrations by leading activists against Startbahn West (a new landing strip for Frankfurt airport), Wackersdorf (a reprocessing plant for nuclear fuel in Bavaria), Wendtland (a stor-

Responsibility for the Paris violence was claimed by a previously unknown "Committee in Solidarity with Arab Political Prisoners," whose message demanded the release of three leading terrorists imprisoned in France. The release of these three has also been demanded by Lebanese Shi'ites. But whether the Lebanese or European terrorists are responsible for the bombings is almost immaterial. French, German, Italian, and Middle Eastern terrorist networks are now so closely coordinated.

age facility for nuclear waste in Gorleben, Lower Saxony), and Haferstrasse (a house occupation in Hamburg).

Several working groups featured relatives of imprisoned terrorists or "resistance fighters," and lawyers, including some Americans. One stated aim was a merger of the prisoner-support organizations of all nations. The legal representatives of terrorists in Germany thus came into contact with those of other nations.

Other presentations focused on pro-terrorist work in the Middle East, Central America, Spain, Portugal, and Italy. A special workgroup on "International Resistance" discussed activities in Great Britain (Brixton), Austria, Holland, Belgium, France, and Denmark.

Working papers given out at the congress included: "The Arrest Conditions for the Seriously-Ill Gunther Sonnenberg," "The Formation of the Imperialist Total System," "Workpaper on the Military Strategic Dimensions of the SDI," and "Fronts in International Class Warfare."

All in all, it was a brainwashing session to nurture the terrorists of the future: The participants were very young, in their teens and twenties, coming out of the antinuclear, anti-NATO, and house occupation actions of the recent period. There was hardly a one over 30 except for relatives of prisoners. They were dressed like punks, mostly in black leather, Palestine scarfs, and sport shoes. Some donned the appearance of skin-heads.

While a few will go on to bigger things, all in all, most will make fine cannon-fodder for the brutal professionals.

Belgian police crackdown on CCC

by Dean Andromidas

The following is condensed from a report appearing in EIR's law-enforcement bi-weekly, Investigative Leads.

Recent arrests in Belgium of key leaders of the Communist Combatant Cells (CCC) are the first breakthrough in a case that has plagued Belgian and NATO authorities for 15 months.

Early last December, Belgian security police arrested four CCC members, including the top leader, Pierre Carrette, near the Central Station in the city of Namur. Their story, and evidence found at safehouses in Charleroi and elsewhere, give a detailed map of the interconnections between European and Mideast terrorist networks, and the legal and logistical support apparatus that makes them possible.

Carrette, 33, is the son of an active-duty Sureté officer and brother of a commando. While active among leftist and anarchist circles at the University of Brussels in 1972, he came into contact with lawyer Michael Graindorge, who established the first support committees in Belgium for Red Army Faction prisoners in West Germany. Carrette made several trips to Germany with Graindorge, contacting lawyer Klaus Croissant, who spent several years in prison himself for his terror support activities.

The heady atmosphere of the revolutionary West German scene, the most dangerous on the continent, no doubt had a strong influence. In 1978, he founded the Red Commune printing company in a Brussels suburb, and with his low rates, won contracts for printing literature for all political parties. In 1979, he was arrested in Switzerland on a weapons smuggling charge, but released. That same year, a rocket attack was launched against NATO Supreme Commander Alexander Haig. It is now believed that Carrette was involved. In 1982, he founded a new printing shop and a glossy weekly, *Subversion*, which revealed details of the Haig attempt, and carried terrorist communiqués. The board included Didier Chevolet, Pascale Vandegeerde, and Bertrand Sassoie, all arrested with Carrette last December.

In 1982, he was involved in an auto accident in the North of France; his co-passenger was Nathalie Menignon, leader of France's Direct Action terrorists.

Carrette's cell had yet to go underground, for they had not yet conducted an act of violent terror. In 1984, that changed: There was a gun battle in a Brussels street involving Direct Action members. Carrette was among them, and went

underground. Ms. Pascale Vandegeerde became the editor of *Ligne Rouge*, *Subversion's* replacement. Chevolet and Sassoie joined Carrette.

Their first bombings occurred in October 1984, and thereafter, they hit multinational corporations, conservative parties and institutes, as well as important NATO oil pipelines, indicating access to sensitive military information, i.e., contacts with East bloc intelligence. The same explosives stolen by the CCCs from a quarry south of Brussels were used for Direct Action and RAF bombings in Paris and Munich. They also participated in bombings and thefts of explosives in nearby Luxembourg.

A possible connection with Nazi-communist circles surfaced in early 1985 when fascist pro-Soviet figure Jean Thiriart, with strong Arab terrorist ties, claimed he was being investigated for connections to the CCCs.

Until 1985, despite conducting more bombings than any other European terrorist group, the CCCs had yet to be "bloodied." This soon changed, when a bombing on the Rue de Soles on May 1, 1985, destroyed the Brussels offices of AEG-Telefunken and the Atlantic Assembly, leaving two firemen dead. According to reports, the inner core of CCC until then was composed of French Direct Action members, but the May 1 bombing inaugurated Carrette and his "second circle" into the select international fraternity of murderers and assassins. The evidence suggests that after this, preparations were afoot for kidnappings, assassinations, and bombings aimed at the indiscriminate taking of human life. In the last sweep by the Sureté, documents were found that indicate preparations for either the assassination or kidnapping of the ministers of justice and interior, and Albert Frère, chairman of Group Brussels Lambert.

The generation of 1968

According to a new book, *La Belgique Etranglée* by Jacques Offergeld and Christian Souris, Belgium has long been a sort of neutral territory where terrorists from the all over the world could congregate to traffic in guns and drugs with virtual impunity, so long as they did no undue harm to Belgian society. This state of affairs depended on the so-called "generation of 1968"—the radicalized students of the late 1960s and early 1970s at the Free University of Brussels. Some, like Carrette, were to go underground, while others found themselves holding high positions in the government. One protected the other.

Take the case of Socialist parliamentarian Philippe Mourreaux, one-time lecturer at the Free University. One of his students, Philippe Busquin, became an interior minister. It was Monsieur Mourreaux who, as himself interior minister in the previous Socialist-dominated government, was accused of responsibility for the loss of 15,000 files from the security services, including those used by Carrette. This was later cited to explain the inability of the Sureté to break the CCC case sooner. Mourreaux remains a leading Socialist deputy.

Bomb the 'Holy Mountain'

*Mount Athos is the principal agency of evil in our civilization.
Part I of a series.*

The European Community is preparing to entertain proposals on behalf of the interests of a weird, perverse institution, the monastic community of Mount Athos, or "The Holy Mountain," of Greece. Well-paid international lawyers are being approached by solemn diplomats and asked to research and prepare legal arguments in defense of the interests of the Holy Mountain. Pious officials from religious orders at Chevetogne, Belgium, Regensburg, Bavaria, and Zagorsk, Russia, are discreetly inquiring as to what they can do to protect the Holy Mountain against the new dastardly threats looming over it again.

One might even suspect that some stray KGB agents are dusting off old law books, trying to decipher those articles and codicils of the 1878 Berlin Treaty and the 1923 Treaty of Lausanne, which guarantee the sovereign rights of the "Holy Mountain."

Why the commotion?

The conservative West German daily *Die Welt* was one among the prestigious international publications to sound the alarm, on Jan. 28, 1986, with a quarter-page article, a call to arms for Western Europe to rise up and defend the cause of the Holy Mountain against the encroachments of the Socialist Greek government of Mr. Andreas Papandreou, who is threatening to nationalize all the monastic and church properties on the peninsula of Mount Athos. *Die Welt* argues that The Holy Mountain, with its special international legal status deriving from Imperial Byzantine legis-

lation of the 10th century, is one of the most cherished cultural heirlooms of all Christendom, including Western Christendom. *Die Welt*, further, makes an impassioned appeal to the Western European public to mobilize and stop the irreverent Mr. Papandreou's impending sacrilege.

We say, it is about time someone bombed the Holy Mountain, its monks, its monasteries, and everything in it. Bomb it thoroughly, systematically, and completely so that nothing of its evil legacy survives.

Give Mount Athos the Monte Casino treatment—it will all be for the better.

For over 1,000 years, the existence of the Holy Mountain has caused the perpetration of untold crimes against civilization and against Christianity itself. The mythical aura of sanctity and its awesome, irrational reputation, over the centuries, have successfully concealed from the eyes of a naive and unsuspecting world, the unique way by which the Holy Mountain operated as the principal agency of evil in our civilization. The present series of articles and comments will attempt, in part, to remedy this deficiency.

The Mount Athos peninsula, officially designated "Holy Mountain" by a Byzantine Imperial Bull during the 10th century, and located about 30 miles from Aristotle's birthplace, Stagira, is inhabited by the world's most fanatically nihilistic monks, who consider themselves as the true aristocracy of world monasticism. Their pro-

fessed denial and contempt for the temporal world is practiced with the fanatical ferocity of the most perverted Gnostic master, who proclaims that everything of the material world comes from the devil. There have been no intellectual, nor artistic traditions in the Holy Mountain, as its doctrine scorns them as much as it does more material enjoyments.

This total denial of the world, ultimately based on the ancient Gnostic argument that the God of the Old Testament, the Creator of the material world, is an evil spirit, contrasted to the true Gnostic god Abraxas, is practiced by the monks and hermits of Mount Athos in the form of a highly stylized Byzantine ritual. These monks subscribe to no faith, no theological doctrine, no moral outlook, Christian or other, except the painstaking daily fulfillment of complicated Byzantine liturgical ritual, laid down many centuries ago. A fanatical, obsessive, homicidal commitment to liturgical ritual is their way to salvation and their faith.

Each new monk who arrives is assimilated into this perpetual flow of ritualistic acts which began some time in the 10th century and are inexorably repeated at every prescribed hour of the day and night, every day and every night for 1,000 years, with the same identical ritual words and ritual gestures of long ago. Morning mass, pre-noon prayers, noon sermons, afternoon prayers, vespers, and the night broken by five ritual prayers to break the sleep every two hours.

Any acts of perversion and immorality which may be committed in between the ritual acts, are of no consequence, since all actions in the material world are evil. To the philosophy of the Holy Mountain, helping an orphan child in need and sodomizing it, are equally evil, the difference between the two obliterated.

Economic mini-shock in Brazil

The cost of this hoped-for economic miracle would be to plunge the state-sector industries into bankruptcy.

The disappearance of the Bank of Brazil as the institution of monetary authority, and the drive to put state-sector assets, especially in steel and electrical energy, up for preferential sale has been the "minishock" treatment, which threatens to lead to more drastic monetarist measures, among them making the Central Bank an independent authority that can dictate government spending. Also being mooted is a super-devaluation of the cruzeiro, as touted by ex-Planning Minister Delfim Netto.

The blocking of the so-called transfer account (a mechanism that lets the Bank of Brazil anticipate payments for government projects, especially for investment, forcing the Central Bank to issue new currency), seems to be part of the package of conditions that the creditor banks imposed on Brazil in the last round of negotiations. The outcome was the re-financing of a \$16 billion short-term commercial credit line, which Brazil uses to finance its absurdly disproportionate consumer-goods exports.

For the creditors, there is no conflict—as David Rockefeller explicitly noted when he visited Brazil in January—in signing an accord with Brazil that is not supported by the International Monetary Fund (IMF), since Brazil has already punctually paid \$12 billion a year in interest alone. What do the bankers care about IMF backing, when all of Brazil works to pay the interest on their \$102 billion foreign debt? Better yet, they impose the IMF program, but in their own name!

In the last decade, the IMF and the Central Bank mafia have been trying to wipe out the Bank of Brazil's ability to issue currency. This demand met opposition by nationalist forces, which considered the bank crucial to national economic development. A like "reform" was proposed by ex-Finance Minister Ernane Galvêa under the last administration, as part of his program to strangle the Bank of Brazil, which led to cutting its national banking operations from 30% in 1978, to only 8% in 1985.

In early February, the National Monetary Council, which includes the monetary authorities and Brazil's private economic elite, decided to close down the "transfer account," and created the Treasury Secretariat as a way to limit credit, exercising tighter control over governmental spending, and centralizing all currency-issuing activities in the Central Bank, whose bureaucracy is the most susceptible to the monetarist policies of the international financial institutions. With such austerity measures, Finance Minister Dilson Funaro intends to "chill" the economy, and bring the public sector deficit down to zero.

This measure cuts off executive power from the monetary arm most closely tied to production. The Bank of Brazil becomes a commercial bank subject to financial speculation, losing its capacity to grant credit at zero cost, and its investment and subsidy capacities.

Politically, the measure fits into a scheme to impose a parliamentary

system, reducing the President to impotence, while the "independent" Central Bank could become the true government under the tutelage of the oligarchical families—an "independent" Central Bank, which, according to Delfim Netto, would have the "force to resist the government and its demands for issuing currency."

The big financial centers' euphoria did not stop there; the government's expressed wish to sell off the equity of the state-sector industries has them in a tizzy. At the end of 1985, the government announced its pilot plan to sell off equity in the state-sector oil company, Petrobrás. This was the economic model that the big bankers who met in London in January, sponsored by the Inter-American Development Bank, held up to be imitated by all of Ibero-America.

The debt-for-equity scheme was launched at the August 1983 meeting in Vail, Colorado of a group tied to Rockefeller and Henry Kissinger. In Brazil, the idea has been pushed by former Central Bank head Carlos Longoni, and by the president of the Rio de Janeiro Stock Exchange, Enio Rodrigues. More recently, the idea was revived by businessmen Antonio Ermínio de Moraes, who thinks that by trading debt for equity Brazil could cut the principal of the debt, and so pay less interest. Under his plan, Siderbrás, the state steel firm, and then the energy sectors would be put up for sale.

The solution is absurd: The Siderbrás group's financial problems stem from the fact that steel is sold and exported at a price below production costs. Since 1978, Siderbrás earnings have been \$4 billion below its real costs, or 75% of its foreign debt, calculated at a little more than \$6 billion. Brazil's "export miracle" is pushing its own state-sector industries into bankruptcy.

Soviet attacks on Pope grow frenzied

The Kremlin combines venomous outbursts against John Paul II with stepped-up plans for the millennium.

The first five weeks of 1986 have shown that the Russian campaign against Pope John Paul II and the Catholic Church, both abroad and inside the Soviet Union, will intensify, and preparations for the 1988 "Holy Russia" Jubilee will accelerate.

In 1985, as the Soviet Union and the Russian Orthodox Church/Moscow Patriarchate began their preparations for the 1,000th anniversary of the Russian Orthodox Church, attacks on the Pope and the Vatican escalated over the embittered outbursts of 1984, coupled with a mounting crackdown and persecution against the clergy and population of Soviet Lithuania—the only Soviet Republic with a majority Catholic population.

The late-January issue of the Soviet weekly, *Nauka i Religiya* (*Science and Religion*) carried the most frantic attack to date by any Soviet publication against the person of Pope John Paul II.

The *Nauka i Religiya* broadside, accused the Pope of having made a "pro-American . . . slide to the right" and of operating under "the growing influence of pro-American circles." This declaration that the Pope is equivalent to the American "enemy" comes two months after the historic Bishops Synod in Rome which condemned Adam Smith colonialism—sometimes called "free market economics"—Marxist determinism, and Jacobin Liberation Theology. In the period of preparations for the Synod, the Papacy reaffirmed the central distinction between Christianity and Or-

thodoxy—the issue of the *Filioque*, that all men contain within them the potential to be "sons of God"—anathema to Orthodoxy.

Referring to the Synod, the Pope is personally attacked for his calls to wage a struggle against "atheism and Marxism," i.e., Liberation Theology, "through promoting a splitting of the masses along religious lines," and for his "putting pressure" on the pro-Sandinista section of the Nicaraguan clergy.

Nauka i Religiya in particular reflects the anger of the Soviet leadership that the Vatican has refrained "from any criticism of American militarism," following with the charge: "The entire financial mechanism of the Vatican is strongly intertwined with U.S. monopoly capital."

At the just concluded Lithuanian Party Congress, one of 14 non-Russian Republic party congresses held before the 27th Party Congress on Feb. 25, the Kremlin threw down the gauntlet.

The Feb. 2 address to the congress by Lithuanian Party boss Petras Griskevicius was a declaration of war against the Roman Catholic Church in Lithuania: "In numerous parts of the Lithuanian Republic, the work against the Church, until now, has not been conducted effectively enough . . . under the cover of religion, ideological deviations have arisen, which have to be fought by intensified atheistic propaganda."

Griskevicius announced that Lithuania will crack down against "cleri-

cal extremism," and pledged an intensified drive to spread the use of the Russian language in Lithuania.

With 1988 but two years away, the Soviet state is working overtime to ensure that the major Russian Orthodox Church monasteries are completely restored in time for the millennial celebrations. The biggest of the restoration projects is the Danilov Monastery, new headquarters of the Moscow Patriarchate.

To speed up the Danilov Monastery restoration, Swiss sources report that in mid-January, at the U.S.S.R. Foreign Trade Bank (Vneshtorg Bank), the Soviet government opened an account titled "Fund for the Restoration and Construction of the Danilov Monastery Complex" (Nr. 07070020).

The chief of administration for the Moscow Patriarchate, Metropolitan Alexei of Tallin and Estonia, announced that all people abroad who wish to support the Danilov Monastery reconstruction project could contribute to this account.

The Danilov Monastery Commission, of course, will see none of the millions of dollars, deutschemarks, and Swiss and French francs flowing into the Danilov account: The Soviet state will see and get every last penny of the foreign exchange—turning over to the Commission the "equivalent" in rubles and kopeks.

P.S. In a call made Feb. 6 by *EIR* to Bishop Sergei, head of the Russian Orthodox Church delegation at the World Council of Churches in Geneva, it was confirmed that such an account has been set up: "General Secretary Mikhail Gorbachov has shown personal interest in the preparations for the thousand-year celebrations and for the restoration of the Danilov Monastery, and in this context he has exchanged letters with Patriarch Pimen," said Bishop Sergei.

'Peace movement' emerges in Thailand

The questions are: Why? Who is behind it? and What does this portend for Thai domestic and foreign policy?

True to their announced plan for expanded activities, the peace movement in Thailand kicked off the year 1986 with a 300-person rally in front of both the U.S. and Soviet embassies on Jan. 26. Students from the locally prestigious Chulalong-Korn and Thammasart universities were seen carrying banners reading "Star Wars Go to Hell." An open letter was handed to embassy officials of both super-powers.

Thailand has neither nuclear weapons nor missiles stationed on its territory. What then could be the purpose of creating a peace movement in Thailand? What could ostensibly be their aim? Who are the people behind this mobilization?

Previously, in 1985, using the pretext of the 40th anniversary of Hiroshima-Nagasaki, the peace movement became visible and took on an ecumenical profile again in Thailand. An outgrowth of Bertrand Russell's Peace Tribunal and the Stockholm ban-the-bomb call, the Thai peace movement saw its inception in the 1950s, and is now being run by shared Soviet and Chinese assets. Last year's peace movement activities drew significant sponsorship from the World Council of Churches (WCC), the principal "ecumenical" institution linking major Western Protestant churches with Eastern Orthodoxy, and the Protestant Church of Christ of Thailand.

The driving forces behind last year's mobilization were Dr. Kothom Areeya of the Coordinating Group for Religion in Society and Dr. Chaiwat

Satha-Anand of the subcommittee on peace and human rights. Dr. Kothom, one of the leading members of the Church of Christ in Thailand, turns out to be a key operative for Amnesty International. As for Dr. Chaiwat, known to be a fervent human rights advocate, he used his assistant professorship at the political science faculty of Thammasat University to recruit followers through courses such as "Violence and Non-violence in Politics." Regarded as a leading figure in the Thai Muslim community, Dr. Chaiwat is known for his sympathies with Iran's Ayatollah Khomeini.

The aim of the movement is three-fold: 1) develop a leverage in the already volatile domestic economic and political situation, 2) prepare to mobilize against an eventual option of the Thai government's electricity generating authority of Thailand (Egat) to go for a national nuclear program, and 3) to create a public opinion in favor of a nuclear free zone, i.e., a zone in Southeast Asia free of American presence.

In this light, it is of significant interest that the Geneva-based World Council of Churches (WCC) organized a closed meeting in Bangkok between Feb. 4 and 8. The objective of the exclusive working session was to discuss the state of the Indochina conflict and formulate the group's policy on the question. Among some 20 or more participants that attended the closed session were Indian international staff member of the WCC Ninan Koshy, *Jakarta Post* editor Sabam

Sihgian, Prince Dr. Sukhumbhand, *Jakarta Post* editor Sabam Sihgian, M. R. Sukhumbhand Paribatra of Chulalongkorn University of Thailand and So Xuan Oanh, secretary-general of Vietnam's committee for the defense of world peace. Representatives of the Hong Kong-based Christian Conference of Asia and the local Church of Christ of Thailand were also among the selected attendees. The exclusive get-together was organized by Kim Su Park, a leading member of Korean origin from the WCC Geneva headquarters.

Discussed were topics such as "geopolitical considerations for the major powers in the Kampuchean situation" presented by Ninan Koshy, and relations between "ASEAN and Indochina" by Sabam Sihgian. Such contacts have been frequent in the recent period among intellectuals from Vietnam and the ASEAN states, most of them sponsored by the Indonesian Center for Strategic and International Studies (CSIS) and the Malaysian Institute for Strategic and International Studies (ISIS). That such a meeting should occur in Bangkok, Thailand, however, is somewhat unusual, given the present Thai government's hard-line approach to the Kampuchea problem. Could this be a sign indicating that a new Thai foreign policy is in the making and about to emerge and that the Soviet lobby via the WCC and the local Protestant Church of Christ are positioning themselves to put their fingers in the pie?

Meanwhile, China is vowing to teach Vietnam a second lesson, and promises of military help for Thailand have so far only turned out to be delivery of second-rate pick-up trucks. It is generally feared that an aggravated Thai-Khmer border situation would merely serve to enhance China's position in Thailand.

The Berlin spy swap: a secret agenda

Spies are exchanged across a Berlin bridge, but the melodrama masks a darker purpose.

Two hidden agendas are lurking behind the U.S.-Soviet spy exchange which took place on Berlin's Glienicke Bridge on Feb. 11; both emanate from the U.S. State Department.

First, the Soviet release of "dissident" Anatolii Shcharanskii was intended to grease the skids of the rapprochement, long in the making, between Israel and the Soviet Union—with George Shultz's State Department cast in the role of marriage broker. A couple of second-rate spies were thrown in, to provide a suitable cover for the Israeli-Soviet deal.

The second hidden agenda is that for which the State Department's Richard Burt took the assignment of U.S. ambassador in Bonn last year: to push the Federal Republic toward a "New Yalta" accommodation with the Soviet Union and the East bloc.

From the American side, the "swap" was engineered by the Central Europe desk at State, whose head is Rozanne Ridgway, a personal friend of Burt and formerly stationed in East Germany. Ridgway is known for her advocacy of a "dialogue" with the Soviet-backed "ecofascist" party, the Greens, as well as for her promotion of increased contacts between East and West Germany.

Talking to European journalists two weeks before the agent swap, Ridgway mentioned that some "intensive dialogue" had been taking place with Eastern Europe, but especially with the East German regime. She would not say more about the nature of these talks, but added that they had led to "considerably good progress in

our relations to the German Democratic Republic."

The negotiations were handled by Burt and the current ambassador to East Berlin, Francis Meehan. Observers pointed out that Burt spent several days in Berlin prior to the agent swap. There was probably quite a bit more to discuss with the Russians and East Germans, than just the exchange of four or five agents from either side.

Burt's staff and the spokesman for West German Chancellor Helmut Kohl, Friedhelm Ost, revealed that the preparatory talks for the swap had taken "several months of concentrated effort."

Another State Department stalwart, John Kornblum, the head of the U.S. mission in West Berlin, told an audience of politicians in that city before Christmas, that the United States had some "sensitive, secret communication" going on with the East Germans. As a matter of fact, there are rumors in Bonn that the United States favors a visit by East German leader Erich Honecker to Bonn in 1986. This visit—the second-ever by an East German leader since 1945—is supposed to promote what is euphemistically called "a new phase of German-German relations."

This is the same as "new phase of détente" which is now in vogue in discussions among George Shultz, Soviet Foreign Minister Eduard Shevardnadze, and the West European foreign ministers, prominently including Bonn's Foreign Minister Hans-Dietrich Genscher. What it means is a strategic settling of East-West affairs

in Europe, which would allow a substantial withdrawal of United States military presence from the continent. This agreement, generally referred to as "New Yalta," will mean an increase of Soviet influence over all of Europe.

While all of the established political parties in Bonn have accommodated to this policy, the opposition Social Democrats have been most outspoken about the strategic deal. The next convention of the Social Democrats in August, will debate a policy platform which calls for a phased withdrawal of U.S. military men, materiel, and missiles. Nevertheless, the Social Democratic candidate for chancellor in the upcoming national elections of January 1987, Johannes Rau, continues to deny in public that this platform holds weight with the party leadership. This is what Rau assured his American discussion partners, including President Reagan, during his U.S. visit Feb. 3-7. The State Department and the media are now presenting Rau—who until his recent conversion to "moderation," motivated by political ambition, was a leading light of the Social Democratic Party's left wing—as the "man of new realism."

Rau himself spared no efforts during his U.S. trip to present his views as being "in full compatibility with what was agreed at the Geneva summit." It seems his script was written by Richard Burt, who, as Rau's staff leaked, had played a very active role in bringing the Social Democrat to Washington.

As for the spy exchange, official Bonn is evaluating it as "a signal that the spirit of Geneva is carrying the day." The handshake between Burt and Shcharanskii on Glienicke Bridge symbolized those hidden agreements which Shcharanskii may not even have been aware of—but Richard Burt certainly was.

A dialogue to extirpate evil

In Calcutta, the Pope evoked a new solidarity to non-Catholic leaders: "A new civilization is struggling to be born."

Let those who have no voice finally speak! Let India speak! Let the poor of Mother Teresa and all the poor of the world speak! Their voice is the voice of Christ!" cried the Pope, concluding the homily of the mass in the Brigade Parade Grounds Park of Calcutta on his fourth day in India. "Who are the poor of our time?" John Paul II asked. "The poor include all those who live without the indispensable basis for physical or spiritual life. In the world of today, millions of refugees have had to leave their country, and more millions of people, sometimes entire tribes or populations, are exposed to the threat of total extinction because of drought and famine. And who could fail to recognize the poverty and the ignorance of those who have never had the chance to study? or the absolute impotence of innumerable persons in the face of injustice and underdevelopment? And many people have been deprived of their right to religious freedom and suffer immensely because they cannot worship God according to the dictates of a righteous conscience."

The denunciation of poverty was the thread running through the many speeches of the Pope who chose, like his predecessor Paul VI, the great Indian continent to reaffirm the cause of justice. "Here in India and in other places of the world," the Pope said to the thousands who gathered in New Delhi's Indira Gandhi stadium, "there are millions of poor, and they share the Cross of Christ because Christ on the Cross has taken upon himself all

the crosses of the world. There is the cross of hunger by which women and children are deprived of their 'daily bread,' and the heart of many a parent is filled with anguish in seeing their children malnourished or even dying already in their infancy. So many others live in poverty and suffering, where they are victims of disease and prey to desperation."

"The Church's mission," added John Paul II, "includes an energetic action in favor of justice, peace, and integral human development. Not to fulfill these tasks would be to betray the example of Jesus, who came to announce to the poor a joyful message."

"Liberation demands a struggle against poverty," said the Pope, and in the basilica of Bom Jesus in Goa he added: "In recent years, the Church has become ever more conscious of the invitation of the Lord to concern itself with the poor. The Holy Scriptures manifest clearly the particular love of God for the poor, the oppressed, the disinherited, the indigent."

The Pope's speeches in India anticipate the content of the second document on the Theology of Liberation, which has already been drafted. In the first document, published on Sept. 3, 1984, Cardinal Ratzinger, Prefect of the Holy Congregation for the Doctrine of the Faith, had unmasked the false ideologies and doctrinal errors inherent in Liberation Theology.

Another theme touched by John Paul II in India is ecumenism. "I want

to encourage the dialogue with the other great religions," the Pope said during the trip between Calcutta and Madras, "not a dialogue toward a superficial syncretism but one on the great and concrete themes of man and humanity." Echoing the great ecumenical teacher of the 15th century, Nicolaus of Cusa, the Pope compared the various religions at the highest level. At Mangalore airport he said: "I am happy to see many friends here belonging to other religious confessions. Your presence means that you realize the need for all religious traditions to join hands to oppose the forces militating against the human and spiritual dignity of human beings. Let us pray together for a world in which every individual will be considered the son of the living God! And let us all work together for a civilization of peace and love."

The next day, meeting in Madras with spokesmen for the traditional religions, the Pope compared the inner spirituality preached by Mahatma Gandhi to the inner spirituality of Christianity, and added: "Authentic spirituality is seriously committed to giving succor to all those who suffer or are in need. The abolition of inhuman conditions is an authentic spiritual victory, since it gives freedom, dignity, and the possibility of a spiritual life to man, it makes him capable of elevating himself above matter." Turning to the religious leaders he had said, "The Catholic Church has often expressed the conviction that all believing and non-believing men must unite and collaborate in the mission of improving the world where they all live together. Dialogue is a powerful instrument of collaboration among men in extirpating evil from human life and the life of the community, by establishing a just order in human society and thus contributing to the commonweal of all men of all conditions."

Report from New Delhi by Susan Maitra

An ecumenical journey

Pope John Paul II stressed unity of the Indian nation during his historic visit.

Pope John Paul II's "pilgrimage of peace and good will" to the birth place of three of the world's religions and the home today of seven major and numerous minor religious groupings, was ecumenical in every sense of the word.

First-hand experience of this ancient land with its unique religious and cultural diversity was of primary concern. But even within the small Christian community of 14,000,000 (about 2.6% of the population of India), in which 12,000,000 Catholics are the majority, there are diverse strains. Among the Catholics, the Latin Church, based in Goa where it was planted by the Portuguese in the 16th century, co-exists with two Eastern Rite Churches, the Syro-Malabar and Syro-Malankar, based in Kerala since about 1600.

The 2 million Protestants, principally Anglican, are under the aegis of the Church of South India and Church of North India, in turn associated with the Anglican Community under the leadership of the See of Canterbury. Interestingly, as the Pope was leaving India, the archbishop of Canterbury, Dr. Robert Runcie, arrived. The two met for the third time on Feb. 9 in Bombay.

"I come to pay a pastoral visit to the Catholics of India and I come in friendship with a deep desire to pay honor to all your people and to your different cultures," the Pope stated on arrival. Noting that the Church had been an integral part of India for near-

ly 2,000 years, the Pope stated his assurance of its commitment to the unity and brotherhood of the nation, and to its progress.

The Pope's 10-day visit, the result of a long-standing invitation from the late Prime Minister Indira Gandhi, was organized around huge gatherings at each of 14 cities in every corner of the country where the Pope celebrated mass. In Delhi, His Holiness met the President and the vice-president and had a warm 30-minute talk with Prime Minister Rajiv Gandhi and Mrs. Sonia Gandhi. He also had a short meeting with the Dalai Lama of Tibet at the latter's request. In addition to meeting with the bishops, the Pope led two masses attended by several hundred thousand each, and participated in a special inter-religious meeting, sharing the podium with Hindu, Muslim, and Sikh scholars.

Earlier, during a visit to Mahatma Gandhi's memorial, the Pope delivered a short and passionate message. "From this place, which is forever bound to the memory of this extraordinary man, I wish to express to the people of India and to the world," he said, "that peace and justice will only be achieved along the path which was at the core of his teaching: the supremacy of the spirit and *satyagraha* [peaceful protest]." Gandhi taught us, the Pope continued, that if all peoples cling to the truth and respect the unique dignity of all human beings, a new world order can be achieved.

In Calcutta, this theme was ex-

tended at a large but select gathering of 500 of the city's intellectual leaders. A new civilization is struggling to be born, the Pope said. In this context, he told the audience, you have a "special responsibility" for the well-being of your nation. "As intellectuals, thinkers, writers, scientists, artists, you must always be intent on unleashing in the world the power of truth for the service of humanity."

In the industrial city of Ranchi, Pope John Paul II delivered a discourse to 500,000 on the dignity of labor, citing his encyclical *Laborem Exercens* that man is neither a machine nor a beast of burden, that all human work, however humble, must be respected, protected, and justly remunerated for communities to live in peace and progress.

In Madras, at a meeting with the heads of non-Christian faiths, the Pope stressed again the importance of dialogue among members of different religions to solve human problems and overcome difficulties in the task of nation-building. In this context, he paid tribute to India's powerful heritage. "Your meditations on things unseen and spiritual have made a deep impression on the world," he said. "Your overwhelming sense of the primacy of religion and of the greatness of the Supreme Being has been a powerful witness against a materialistic and atheistic view of life."

Only time will tell the impact of the visit on the Church itself. But there is no doubt that from the standpoint of the Indian nation, the visit was a positive one. Against the moral weight of a man so obviously committed to the progress of human civilization, the howling from the Left about the new imperialist danger of the Papal visit fell flat. So did the ravings of the Hindu chauvinist RSS, whose accusation that the Pope would undertake "mass conversions" of Hindus is no longer taken seriously.

International Intelligence

Prince Philip calls for culling human beings

Prince Philip of England told the recently concluded Davos, Switzerland Symposium: "The apparently unending growth of the world's human population can only end in a crisis for all life on earth."

Speaking in his capacity as president of the World Wildlife Fund, he told the assembly of 600 business and government leaders: "You cannot keep a bigger flock of sheep than you are capable of feeding. In other words, *conservation may involve culling in order to keep a balance between the relative numbers in each species within any peculiar habitat.* I realize that it is a very touchy subject. . . ."

The World Wildlife Fund was organized in the 1940s by Sir Julian Huxley as the International Union for the Conservation of Nature, and has worked worldwide to prevent economic development, especially in African and Ibero-American nations. Its board includes Prince Bernhard of the Netherlands and various members of the House of Hapsburg.

'German Patriots' hit Kohl's economics

The Patriots for Germany, an organization formed in October 1985, placed its third national newspaper ad in Germany on Feb. 12, signed by 58 prominent individuals. The ad, which focused its attack on the economic policy of Chancellor Helmut Kohl's Christian-Democratic government, appeared in national dailies like the *Frankfurter Allgemeine Zeitung* and *Die Welt*, as well as various regional papers.

Of the signers, at least one-half are either directly affiliated with, or sympathizers of, the Christian Democrats, including names which have caused a political sensation—persons active in various official positions within the Christian Democracy.

The advertisement reads in part: "Aside from the targeted dismantling of our econ-

omy conducted by the SPD [Social Democratic Party] and the Greens, it is a scandal that 'Christian' politicians, of all people, continue the 'liberal' economic policy dictated by the international financial cartels. Christian ethics and our moral responsibility require, that the ruthless destruction of human existence for reasons of financial interest be strictly opposed. It was Cardinal Ratzinger at the historical Synod of Bishops in Rome who recently demanded of every Christian, that economic policy and Christian morality must be brought into accord, i.e., that the welfare of society has priority over egoistic 'market interests.'"

"We Patriots for Germany herewith appeal to all citizens in the Federal Republic of Germany, but especially to all Christian politicians of the Christian Democratic Union, to contribute to achieving this [agreement between ethics and economic policy], because it is only in this way that every citizen of our country can contribute to the well-being of humanity through his own work."

Airlines refuse AIDS questionnaire

U.S. airlines are refusing to pass out questionnaires asking visitors arriving at Brazil's Carnival the first week of February to answer questions about their sexual preferences and possible contacts with AIDS.

"Some airlines are putting their commercial interests above public health concern," said José Padilla de Castro, director of sanitary control regarding foreigners. European airlines are distributing the forms to their passengers. Brazilian health authorities had originally intended to request all tourists to present blood tests showing whether they were AIDS carriers, but the voluntary questionnaire was adopted instead.

Dr. William Weissmann, author of the questionnaire, told the press: "We would like to know if our hypothesis is true that Carnival is a specific time when the disease enters Brazil. . . . We do not have the resources to deal with a massive outbreak."

Trade union revolt against Swedish PM

In early February, an unprecedented revolt began inside the trade union base of Swedish Social Democratic Prime Minister Olof Palme over the latter's austerity policies.

More than 1,500 shipworkers at the Malmö shipworks, Kockums, have resigned from the Social Democratic Party in protest over Palme's continuing destruction of the industry, once the world's second largest.

In Falun, at a Saab-Scania factory, 20,000 workers signed a petition of support for the local chairman and vice-chairman of the factory council, who resigned from the Social Democratic Party.

Palme was re-elected last September on a promise to end austerity and improve wages. In a deal with the International Monetary Fund, austerity programs were postponed until after Palme's re-election. For the 10th year in a row, blue-collar workers are being forced to negotiate real wage decreases. Since 1975, real wages have dropped by one-twelfth.

Fight on AIDS in Great Britain

A group of doctors and medical consultants at Royal Hull Infirmary in London issued a circular in early February entitled, "The Facts About AIDS," which claims that "alarmist and inaccurate media coverage has created unfounded fears in health care workers about the possible risk when dealing with an actual or suspected AIDS case."

This drew an angry response from Gordon McDougall, the National Union of Public Health Workers secretary, who charged: "It seems the media is being made scapegoats, when in fact the disease is getting out of hand. They are trying to allay the fears of the medical staff, instead of treating us like grown-ups. The circular is irresponsible when experts are saying that the plague of AIDS could reach epidemic proportions. To

tell us merely to wear gowns and gloves is ludicrous.”

Meanwhile, British embalmers have been told not to handle AIDS corpses. This was in response to a request for guidelines from the Department of Health by the British Institute of Embalmers, who were worried about the risks to its 1,000 members.

So. African black leader in overture to Botha

In an interview given prior to President P. W. Botha's speech on Jan. 31 announcing major reforms, Mangosuthu Gatsha Buthelezi, prime minister of the Kwa-Zulu homeland, called on Botha to take three steps:

“First, to announce that South Africa is one country, and that it should therefore have one constitution. Then, to end the state of emergency. Finally, to free the imprisoned black nationalist leaders, including Mandela, Sisulu, etc. If he does those three things, I would be prepared to talk to him, otherwise not.”

Botha subsequently announced the first of those three, and the release of African National Congress leader Nelson Mandela appears imminent.

Asked if Mandela was not an agent of Moscow and a communist militant, Buthelezi said: “Not at all. I have known Mandela for a long time. We were and are still close friends. Mandela cannot be a communist or an agent of anyone.” Buthelezi stressed that he believed that apartheid could be dismantled by “a political and cultural fight, without recourse to arms or violence.”

Soviet press hails U.S. budget cuts

Literaturnaya Gazeta, a Soviet weekly closely associated with the KGB, featured a “debate” in its first February issue on the state of U.S.-Soviet relations. It featured Yevgenii Primakov, the new director of IM-EMO, a Soviet foreign-policy think tank, and *Lit Gaz* commentator Vitalii Kobysh,

who singled out U.S. budget cuts for praise.

Headlined, “At the Threshold of the Third Millennium,” the article asserts that there are “deep divisions” inside the American administration on the Strategic Defense Initiative (SDI). Primakov says that the major U.S. arms producers have put their stakes on SDI already, expecting big profits from it; but Kobysh objects:

“There are data which prove that a considerable . . . part of the American military-industrial complex, and not business in general, have not made a definite decision in respect to SDI yet.

“The very character of American capitalism is such that an efficient corporation has to give its shareholders a bird in the hand, and not two birds in space. . . . There is yet another aspect, often forgotten, when you talk about SDI. The issue is that the United States simply cannot afford a trillion dollar enterprise with ‘Star Wars,’ at least not with their current budget.

“In the next months, the national debt of the richest country in the capitalist world will go beyond the marker of \$2 trillion—a figure which you write with 12 zeroes. Of course you can talk about the ‘stability reserves’ of American capitalism. But the captains of the U.S. ship of state, at least the experienced and farsighted ones, know very well that the game with these zeroes led to the catastrophic crisis of 1929-1933. Their minds are now troubled by this.”

Meeting between Pope and Gorbachov?

A meeting between Soviet Communist Party General Secretary Mikhail Gorbachov and Pope John Paul II is possible, says Vatican spokesman Joachim Navarro. The statement was made in India, where the Pope was touring, in early February.

Navarro said a meeting can be realized if Gorbachov accepts an invitation to visit Italy. A commentary in *Il Giornale* by reliable vatican-watcher Benny Lai also reports on the possibility of such a meeting, saying that it is usual for Soviet representatives visiting Italy to meet with the Pope.

Briefly

● **HENRY KISSINGER** held a private meeting with a leading member of the Venezuelan Cisneros clan recently, says a European source. The Cisneros family was involved in the banning of *EIR*'s book, *Narcotráfico, S.A. (Dope, Inc.)* in February 1985.

● **‘NAZI, NAZI, NAZI’** was the chant of thousands of Israeli demonstrators in Jerusalem who attempted to block Rabbi Meir Kahane from holding a meeting there on Feb. 12. “We will not allow the cancer of Kahane to grow in Jerusalem,” Israeli radio quoted Mayor Teddy Kollek. Kahane, founder of the Jewish Defense League, advocates expelling all Arabs from Israel and the occupied territories.

● **A CHANGE OF GUARD** has occurred in the Soviet-run “Communicable Diseases” division of the World Health Organization, which spreads disinformation about AIDS. Virology expert Dr. Bekhtimirov has returned to the U.S.S.R. His replacement is Soviet Dr. Ghendon.

● **ALL COUNTRIES** of Europe, East and West, except Albania, are sending delegations to a one-week conference on “European Integration” in Venice in September 1986.

● **FIVE IRANIAN** activists occupied the embassy of Peru in Denmark Feb. 12, to show “solidarity” with the Shining Path terrorists in Peru.

● **THE GRAMM-RUDMAN** bill is “unworthy of the leading nation of the Western world,” wrote Horst Alexander Siebert in *Die Welt* of Feb. 10. The bill robs the U.S. government of all flexibility. He characterized budget cuts as a weakening of the Western alliance “through the back door.”

Paris Africa conference weighs war on IMF policy

"I have a secret to tell you," the chairman of the Schiller Institute in France, Jacques Cheminade, confided to the audience of 500 who attended the Institute's conference on the new world economic order in Paris, France, on Feb. 2. "It's a public secret. *We scare people*. Since the people we scare are our enemies, it's good news, very good news."

"The four biggest Parisian newspapers, the ones that have a de facto press monopoly, *Le Monde*, *Le Figaro*, *Le Quotidien*, and *Le Matin*, have all—together—refused to publish the paid advertisement announcing our conference. That is the leaflet you have all read, 'Call for the Formation of a North-South Action Committee for a New World Economic Order, Against the IMF.' There has been a real blackout against this leaflet."

He continued, "First of all, let's be clear about it. We scare them because we are together, we are meeting to denounce the International Monetary Fund (IMF). . . . Now, you know that the old secret of the financial oligarchy is: 1) Divide and conquer, and 2) direct the rage of the oppressed against scapegoats."

"Now we are coming together, from Paris to Buenos Aires, from Bonn to Dakar, from Washington to Lima, we whom the *Wall Street Journal* calls, the 'pariahs,' we who are subjected to usury. And here, side by side, against the IMF are a French Muslim and a French 'clodhopper,' as they say, a leader of the Argentine CGT trade union and a shopkeeper. . . . It's this 'amalgam' that makes our strength! For, together, we will not seek scapegoats, we will not let ourselves be buried in 'secondary causes': We are the future builders of a moral economy, we have declared war on usury."

The one-day conference keynoted by Cheminade marked a milestone in the formation of what he called an international

citizens' movement against usury. The participants came from five continents and 30 nations. The three major economic powers of the European continent, France itself, the Federal Republic of Germany, and Italy, were represented—the last by Christian Democratic Senator Vincenzo Carollo, whose government has just initiated steps to offer Somalia a debt moratorium.

From Africa, the most populous Black nation, Nigeria, was represented by its ambassador to France, speaking for the Foreign Ministry on the subject of why Nigeria has resisted IMF conditionalities. The efforts of Senegal's President Abdou Diouf, currently chair of the Organization of African Unity, to convene a conference on Africa's debt and develop a unified approach to the problem, were described in a thorough presentation by one of that country's top economists, Dr. Moustapha Kasse.

The advanced battle against IMF usury in Ibero-America was represented by veteran Argentine labor leader Alberto Campos, a member of the Schiller Institute Trade Union Commission, who is now getting "red carpet" treatment as he continues his tour through Europe. The Paris conference marked a dramatic step forward toward the unity of African and Ibero-American debtors for a positive program of development. It came only three months after such unity was first posed in the Nov. 1-3 conference held by the Schiller Institute in Rome, Italy, around the theme of "St. Augustine, Father of European and African Civilization."

EIR presents here selections of the major speeches and messages to the Paris conference. We regret that for technical reasons, the speech of Alberto Campos was not available at the time of this publication, but it will appear in a future issue.

Why Nigeria turned down the IMF loan

Excerpts from the speech by the Honorable P. L. Udoh, Nigeria's ambassador to France, representing Foreign Minister Professor Akinyemi.

... The Nigerian debt problems have been so well publicized, and they are based largely on our over dependence on a monoculture—that is, oil—which has become, in the past decade, the main source of our foreign exchange earnings. Before independence, and up to the '50s and '60s, oil did not constitute such a significant element of our export earnings, or our gross national product. Agriculture formed the base, and to some extent still forms the base of our economy, since 70% of our population, as in most African countries, lives in the rural areas.

It is true that the coming of oil in the last decade has given us considerable economic base, and we have developed our infrastructure, with the building of roads, bridges, schools, dams, and so forth, but it still remains that agriculture, which is the base, has been neglected over this period, and this is a large part of our problem. . . .

The oil boom of the '70s did lead to a number of things which should not have gone wrong with the economy, including external factors headed by multinational companies, imports—at one time, for example, even though we have a cement industry, we had the port blocked up in 1975 with importation of tons and tons of cement which we did not need, and for which we had to pay a great deal in foreign exchange.

The size of our debts has been variously estimated from about \$11 billion up to \$22 billion—we don't know the exact figure, and the reason for this is that most of these are trade debts—over 50% are trade debts . . . which is the experience of most African countries. A lot of trade debts are fraudulent—for example, we have a case of about \$6 billion of so-called trade debts in England alone, which is tied up in a certain bank which is very nearly bankrupt, to which a lot of Nigerian money—about \$6 billion—was siphoned away without equivalent material imports to the country. . . .

Be that as it may, it is illustrated in the last few years,

that we pay more than 40%—in fact, 43% last year—in payment of external trade debts alone, which is insupportable. Most experts believe that 20-25% is the upper limit of what you can expect to pay in debts and still do development. . . .

The budget of 1986, as the President has said, has imposed a limit of 30% on payment of external debt.

This has worried some of our trading partners, who believe that we are taking a unilateral decision to impose 30% of debt repayment. . . . Up till now we have been quite faithfully meeting our international commitments, and doing all we can to meet these debts as well as meet the responsibilities to our citizens.

It is estimated, if we go on that way this year, we should be paying up to 50% of our external foreign exchange earnings. As you know, in the area of falling oil prices, our net earnings from petrol have fallen from about \$20 billion or \$22 billion to roughly half of that, or even less than half of that, and if we go on this way, we will have nothing but paying interest rates and doing nothing else.

We are very encouraged to see the Schiller Institute here seeking a practical solution to the North-South problem, and we are encouraged to see that a healthy debate is now taking place in the OAU.

And this is where the IMF comes in. But before dwelling on that, I will give you an outline of some of the measures taken by the present government to restructure our economy and to keep our budget within limits, as well as meeting our external commitments. For example, salaries for military and public functionaries have been cut from 5% to 20%, the military budget has been reduced by 19%, and other measures have been taken to restructure our economy, to reduce our dependence on the monoculture of oil.

Some of the measures also taken are what the . . . IMF conditionalities have prescribed. In some respects, like the removal of subsidies to oil, we have gone even further. We have removed 80% of the subsidies from oil, when 60% was prescribed by the IMF. But the other conditionalities, are found to be, as I will tell you in a very small nutshell, unacceptable to Nigeria.

Some of our friends have asked, having gone to these lengths in meeting most of the conditions of the IMF, why are we so foolish as to refuse the IMF loan?

The reason for this is not far to seek. For example, in the matter of devaluation, the IMF conditionalities prescribe about

60% one-fell-swoop devaluation, which we find will only make matters worse. For example, oil exportation could not expand if we devalue our currency at one fell swoop, and that would lead to more troubles and riots in the streets.

Apart from that, it has been found in the debate . . . that most Nigerians are against the IMF and taking the IMF loan.

By and large, Nigerians prefer a regime or discipline which is self-imposed, rather than that which is seen to be imposed from an outside institution or external body, however benevolent the institution.

We are very encouraged to see the Schiller Institute and other associations here seeking a practical solution to the North-South problem, and we are encouraged to see that a healthy debate is now taking place in the Organization for African Unity on these questions. We are conscious of the fact that within the U.N. and outside, North-South dialogue has not been fruitful in the last decade or so.

In two development decades the U.N. system, the Brandt Commission, the Cancún summit, have not produced any substantial fruit to bring to bear to the problems of the Third World. Nonetheless, we have not lost faith, and we believe, in and outside of the U.N. system, in the OAU initiative, by President Diouf [of Senegal], and we still have hopes that within the North and the South, a lot of things can be done to improve the international economic order, which is very much wedded to the exploitative system, for the advantage of the exploitative system, which dates from the mercantile era.

For Nigeria, ministers are taking initiative in discussing the debt problem with the Paris Club, the London Club; we are also talking to Washington. Our foreign minister who was here two weeks ago, went to these countries, and there is hope that they will try and be a bit more flexible, and go out of the traditional system of pushing each country to swallow the IMF conditionalities, whether they kill it, or leave it half dead.

. . . It is not our aim to destroy the IMF; we cannot, even if we tried, but we think, while trying to order ourselves, impose financial discipline on the developed world, a lot also should be done on the other side, on the part of the developed countries, to meet us halfway, in meeting our problems. Not only just existing to pay debts, to banks, but also to restructure our economy and develop a self-sustaining economy so we could make a contribution to the international community.

The Western world, which we do most of our trading with, and to which most of our economies are tied by historical colonial conditions, should do more, develop more political will, in trying to meet the developing nations half-way to accommodate and see some of the crying needs of some of the poorer countries in the underdeveloped South.

Nigeria is not calling for a crusade of debtor nations of the world to unite and cast off their chains. What we call for is a reasonable dialogue and a spirit of give and take, not to ask our citizens to cut our throats, in order to pay the Western banks for their profits and the Western multinationals.

Debt and the need for new policies

Professor Moustapha Kasse, director of the Center of Applied Economic Research (CREA), University of Dakar, Senegal, delivered a lengthy speech to the conference on "Debt and the need for new economic and social policies." What follows are very brief extracts.

. . . My objective is not to offer you final answers; it is more precisely and more modestly to bring a West African sensibility and some facts for you to reflect on, which will doubtless find many positive echoes in this part of the continent. . . . The development efforts of the working populations as well as the prospects for economic growth are compromised and ruined by the payment demands on our largest foreign debts, relative to the characteristic aggregates of productive activity.

The indebtedness of the countries of Africa—if it is not as spectacular as that of the Latin American countries—remains no less an object of concern, and that is the reason why we have gladly agreed to come to take our bearings on the foreign debt of these countries, and at the same time on the policies of adjustment which are applied, as well as the proposals which our President is valiantly and courageously upholding, to in fact bring about a meeting to discuss this question.

Everywhere in Africa, terribly sombre balance sheets are being drawn up, and a financial catastrophe is being predicted which supposedly would arise from the insolvency of the big debtors. Is this an ill-founded alarmism, or an irreversible fate? Can we find other alternatives which will permit us to avoid just such catastrophes?

In 1983, the debt of the non-oil-producing developing countries sped up, and we can also observe that 53% of this debt was owed to the commercial banks, whereas this situation was not particular to the previous years. More unsettling yet, this indebtedness is progressing at an annual rate of 20% between 1970 and 1984, at the same time as the rates for economic growth add up to something like 4% and 8%.

We see that the loans coming from international financial organizations and public authorities have fallen off sharply, going from 60% of the total to less than 50%. That means that the private banks have taken the burden of financing for the countries with the greatest needs. Of the \$609.9 billion in debt of the 25 principal borrowers in 1983, \$344.5 billion,

or 56.8%, were owed to the commercial banks. In other words, this element is going to introduce a certain weakening of the international monetary system, and one can even say that the bankers, like magicians, have sometimes lent funds they in no way possessed. . . .

At the same time, the rate of growth in African countries has been nil, or even sometimes negative. So between 1980 and 1982, raw-materials prices have dropped about 27%, if we reckon in current dollars. These elements taken together, of course, have produced a permanent decline of the trade balance and at the same time a general deterioration of the financial situation.

In 1983, to cover the deficit in the current account, sub-Saharan Africa had to dip into its reserves, and on the regional level, we can establish that things were far more grave. Nearly all over Africa, a crisis of exceptional gravity is observed in food and agriculture, making the African continent a zone of insecurity and fragility. This worrisome trend derives from three factors: first, the weak growth in agricultural production of about 1.3%, and the strong demographic growth of 2.7%, which entailed a drop in per capita agricultural production. Afterwards, the decline in food production was to the benefit of revenue crops for export. For example, West Africa used to import 2 million tons of cereals in 1950, while today it imports between 15 and 20 million. Finally, there was a huge,

disorderly speed-up in the expansion of cities, such that food self-sufficiency is far from being attained, and yet we used to think that this could be among the goals attainable by the end of the century. . . .

[Mr. Kasse presented a detailed discussion of IMF conditionalities and their failures.]

The result of these policies applied as a whole have thus shown a perfect incapacity to resolve economic difficulties, and to get out of the crisis. The sacrifices imposed on the working population, notably, by the bias toward skyrocketing prices and erosion of buying-power, have brought on certain threats of civil war by the hungry. Also, the duration of the adjustment, which lasts for decades, shows the low-performing character of these policies.

That is why the 21st session of the Organization of African Unity recognized the need to define other political alternatives, of searching for other results which would not be those whose success has not been evident. . . .

On the external level, the leaders of the OAU believe that two types of action may be envisaged, and that local public powers ought to aid their effective realization. The first type of action would be consultation for the achievement of an efficient regional order. In fact, we have inherited from colonialization tiny spaces, limited spaces, on which it is utopian to base large-scale development. Integration will there-

A message of greeting

Text of the message sent to the conference by Ahmed Kedidi, member of the Tunisian Parliament; editor, El Amal newspaper; member, Central Committee, Destourian Socialist Party.

Dear friends, participants in the Paris conference, on the same day as your conference, which I regret not being able to attend, I find myself on an African tour accompanying the Tunisian prime minister, M. Mzali, through eight countries of Black Africa, and particularly on the last leg of this tour, in Senegal and Mali. And I realize, on the ground and among the working peoples of my continent, that the battle of our Schiller Institute for the true right to development of Africa, is a hard, but exalting, battle; long, but impassioned, strewn with obstacles, yet promising.

It is the fight of Helga and Lyndon LaRouche for an Africa which is truly independent and truly sovereign, which unifies you today around a common ideal: that of bringing about the second independence, that is, to accept the challenges and to close ranks against the new servitude of the international financial institutions. It is a fight of

destiny, which will determine the vocation of Africa in the concert of nations for the 21st century.

In this struggle, the Black continent is not alone. With it, Latin America carries the banner and outdistances the pace of events. President García has already set the tone for a grim and legitimate determination to free Peru from the humiliating conditions of the International Monetary Fund. I have found in Africa an honorable echo, worthy of the courageous initiative of President García, and I have ascertained for myself on the ground in Africa how urgent is the coordination of the efforts of Africa and of Latin America, to break the chains that prevent these two continents—therefore, half of humanity—from fully living and participating in the world's march toward a better future.

* Dear friends, having lived through and analyzed for 20 years the problems of underdevelopment, I remain convinced that international peace depends largely upon an integral and rational development of Africa and of Latin America, on their adherence to the ideals of freedom and of the flowering of industry, on their rejection of the blackmail of the neo-usurers and the new slave traders, the international financial institutions. Therein lies the main objective of your conference.

I greet you from the depths of Africa and wish you the full success of your labors. *

fore be a means for realizing a collective autonomy, the establishment of a regional division of labor, permitting a stabilization of raw materials, and permitting an allocation of activities which takes into account the relative endowments of nations.

On the international scale, the OAU leaders recognize that the different elements of the world economic order must work with a view toward the arrival of a more just and more equitable economic order. This must pivot around the cancellation of public debt; the consolidation of private debt or the setting up of mechanisms for consolidation, be they arrears, be they future payments; the organization of an appropriate realignment of the financial economic situation of each country; and the setting up of new mechanisms which would permit the mobilization of new financial resources. . . .

With great responsibility, with great foresight, Africa's political officials recognize that foreign debt constitutes obligations that they have contracted, and that they will attempt to honor. With respect to their economic and financial situation, they have proposed to hold an international conference on debt. This conference ought to allow, according to the president of the OAU, [Senegalese] President Abdou Diouf, both creditors and debtors to agree on emergency measures for the short, medium, and long term, capable of lightening the problem of the debt.

Africans in Europe: Hakkoui

Africa needs a 'Unified Fund'

Mr. El Hakkoui is president of the Association of Solidarity of Africans in France.

Twenty-eight years after the signing of the treaty of Rome on the European Economic Community, the European Council admits today that there is need for revision. But, alas, the mere revision of this treaty will not put the problem of Europe into order. The present crisis is an international crisis. To assure the future of the industrialized countries, one would need a total revision of the present policy of the IMF and the establishment of a new world economic order. . . .

The African countries and the Third World countries in general are no longer capable of reactivating the process of their development and assuring debt service. Africa finds itself today facing an extremely grave crisis. The debt problem is the principal constraint to its development. Must we pay the foreign debt, or fight hunger? In the face of the present situation, people's survival goes before repaying the debt, and it is out of the question to make the IMF happy by

increasing people's misery.

If there is not a new world economic order favoring industrialization and development of the Third World, based on growth and justice, then the present crisis may bring on a chain reaction of bankruptcies of American banks, and the world will undergo a catastrophic setback.

To get out of this crisis, we need a rapid industrialization in Africa, and so that this will be possible, there is only one solution to be envisaged: an immediate one-year debt freeze. After that, the indebted countries shall discharge their debts at the rate of 10% of their export earnings, and this, so that this money be invested, on the one hand, in agriculture (to resolve the food crisis) and, on the other, in industry.

But it is necessary to stress that the objective of self-sufficiency in the framework of development cannot be attained without the support upstream of basic industries supplying inputs such as fertilizers, implements and tools, and, downstream, the facilities for processing, preserving, stockpiling, transporting, and maintenance and repair. But, without financing, the industrialization of the African countries is not presently realizable. Therefore, we need to create a Unified Fund for the development of the African continent. And this can only be carried out in the framework of the Organization of African Unity.

By choosing the nexus-points which easily link all the African countries, this Unified Fund will permit us to build tens of factories at each such nexus. It is obvious that when such projects are built they will benefit from the know-how and skills of African workers and intellectuals who have immigrated to Europe, and wish to go back to their own continent. The building of these great projects will be the best guarantee of acquiring our economic independence. It is in this type of policy that our sovereignty, dignity, and material progress will become one and the same thing.

The economy of the African countries is controlled by IMF agents, and this impairs a part of the sovereignty of each African country. The IMF demands that African governments implement even more rigorous austerity measures, provoking uprisings and rebellions; in these conditions, governments can only be destabilized; indebtedness has thus become an ignoble blackmail tool, serving to rationalize a systematic policy of genocide against the peoples of Africa and the Third World. These IMF methods are identical to the tyrannical economic policy of colonialism.

No progress is possible as long as the heads of state and the African governments have not understood that it is time for them to take charge and themselves determine their needs and resolve their problems in the framework of the OAU.

Africa is rich. It is time for its wealth to be used for Africa's development, by the Africans themselves. For yesterday's colonialism, with its threats and its pressures exerted on the African continent and the Third World, has only changed in form, but at bottom, it continues to serve the same interests.

'Time of colonialist feudalism is over'

Excerpts from the speech by Sen. Vincenzo Carollo, vice-chairman of the Christian Democratic group of the Italian Senate:

One of the gravest problems faced by the countries who believe in democracy, as the continuation and guarantee of true peace and social development, is determined today by the persistent economic crisis striking them, which can create in public opinion a growing disillusionment with democracy itself, with the danger that the disappointment may gradually turn into pessimism.

The damage in that case would affect not only the countries directly hit, but also those countries having highly developed economies, because persistent economic instability in the countries not yet guided by the dictates of international communism, could determine the conditions of an even graver instability than the present geopolitical situation, to the sole advantage of those who work for the gradual destabilization of the democratic world. . . .

I believe it our duty to discuss the problems relating to the present situation of the developing countries and the role of the IMF. . . .

Since 1982 the international financial flows in favor of the developing countries have been contracting, both from public and from private sources. The total foreign debt of these countries, which amounted to \$747 billion in 1982, reached \$791 billion in 1983 and \$878 billion in 1984. The growth of loans granted to the developing countries has decreased by percentages, from 5.9% in 1983 to 4.7% in 1984. But in 1982 the growth was around 14% with respect to 1981.

Significantly, the credit provided by private sources, that is, principally by businessmen who invested in developing countries, and by banks, whose relative financing went from \$84 billion in, 1981 to only \$14 billion in 1984. In essence, the investments from foreign investors have undergone a grave decline. What has been the role of the IMF in these years? It has been similar to that of international banking; new credits conceded in 1984 are around \$7.2 billion. The percentage decreased with respect to 1983 from 45%, and already in 1983 it was noticeably decreased from 1982. . . .

From 1980 on, the economies of the industrialized countries of the Western world have undergone grave tremors of crises, and hence, every nation has felt it had to provide for

itself, even at the cost of making another one pay, or at least, of no longer transfusing part of their blood to the anemic organisms of others. . . .

At this point, it is right to ask: "But what has the IMF done, or what should it have done, to alleviate the negative effect the world economic crises have had on the destinies of the developing countries?" . . .

Notwithstanding the Seoul meeting's promises of an increase in net credit of \$20 billion in three years, by commercial banks, last Oct. 28 in Washington, it was decided that for the moment the IMF was not ready to assume any obligation to grant new loans. . . .

Under these conditions, I maintain that the prospects are bitter.

The banks are not wrong to ask guarantees of the governments of the developed countries, but, for the same reason, the governments are not wrong to deny such guarantees. An international fund that may have as its end economic and social development cannot evidently govern itself by the simple principles of cost and profit on the narrowly monetary plane.

An international fund that is born of the principle of solidarity among peoples must have a pre-eminent political sensibility and thus must put this operative sensibility at the forefront of the respective governments.

. . . To the mass of workers, who fight for the rights of labor guaranteed to all, we must offer full solidarity if for no other reason than because the time of colonialist feudalism is finished, by the merits of democracy and Christian values that have been introduced into the consciences of men and of populations.

It must be clear to all, however, that international solidarity cannot be invoked only by feeding the growth of socially just consumption, but by contextually stimulating investments, and thus the production of real goods without which high standards of living are not reachable. . . . The fact that in 1984 inflation was 100% in Peru, 200% in Brazil, 600% in Argentina, 1,000% in Bolivia, is not encouraging. It is necessary rather to create the conditions not so much to produce money, but to produce real income: then money will be the title to a true value, and not the title to the void to be filled by future revenue. . . .

To conclude: It is necessary to transform the operative content of the IMF; to be able to do this, it is not enough to perhaps formally modify it, but is a matter of an act of conscience of solidarity by the developed countries toward the developing countries. The formulas, the entities, and the institutions can change from the juridical and formal point of view; what must not be changed, attenuated, or gutted is the political will to aid those who are not, cannot, and must not be alien from the force of democracy, liberty, sovereignty of peoples, for the peace of the world built on the respect for all men, and not on the austerity of feudal despotism ready to promise, and unable to fulfill, people's evolution.

French farmers face Malthusian enemy

Mr. Gaulandeau is the president of the French Federation of Agriculture (FFA).

The Schiller Institute requested the president of the French Federation of Agriculture to speak at your conference, but above all it is to a European farmer that this request is addressed. And so, the farmer that I am proposes to lay out briefly for you the essential facts of his problems, by projecting them onto the plane of a world economy in deep crisis.

First of all, I must place our movement in the framework of the Western alliance, rejecting any complacency in regard to the backward and greedy Marxist utopias. We are faithful to those generous ideals that value man in a framework in which the state watches over the well-being of all, while respecting the right of each person.

We know our enemies:

One of the very foremost is international high finance, which by its prejudice in favor of the IMF imposes its ukases on so-called developing nations. The dictates of this institution force, by use of blackmail, certain countries to produce substitute products such as manioc or soya, on behalf of the grain trusts' magnates, products that arrive in European harbors without customs duties. These high-protein products, wrung at miserably low prices from the Third World, come to be transformed through European cows, into what is called in Europe a dairy surplus. Those substitute products, which are stolen from the Third World, are competing directly with the grains produced in Europe, and are so driving down prices that they are putting farmers in situations of growing bankruptcy.

Our European governments, their power smothered under the hands of international high finance, are driven into expedient solutions, leading them in a period of unprecedented global famine to take such aberrant decisions as to limit production by means of quotas.

The worst thing is that the Malthusianism imposed on the

Third World has now become the rule in Europe. The watchword of the 12 countries of the European Community when they meet is: "Reabsorption of the surplus." This is understood when one knows that the circle of solvent countries in the world is dangerously receding year by year.

You should know that for a European farmer, some years back, 35 quintals [ca. 220 lbs] of wheat were enough to cover his costs of production; today you need at least 47 quintals, hence all the lands below that threshold are either to lie fallow or to be put to extensive farming. The corollary is reduction of the rural economy, bringing with it desertification, which swells the tide of jobless city-dwellers.

The destruction of this basic fabric of society which is the rural world is drawing us toward a sociological catastrophe which government improvidence ignores, or feigns to ignore.

Man's purpose on earth is to colonize the soil, and the reigning Malthusianism is the absurd antithesis of this.

On the international level, the European farmer is thus subjected to the financial oligarchy, and he suffers the cheating tricks of selfish national interests even within the European Community, to boot.

I must reveal a truth, and take a chance of being struck by the thunder of the ill-informed press. The Western population are fed cheaply. I shall explain. . . .

Let us therefore consider that the balance of the European agricultural economies is largely negative. How can this trend be reversed? How do we get out of this?

The paradox of the agriculture of the European Community is that the farmers are European for their burdens and worldwide for the circulation of their products. Therefore the Community must agree to sacrifices to lighten the burdens of agricultural enterprises, and, on the other hand, around the whole world voices must be raised by leaders determined to stop the looting orchestrated by the financial oligarchy in the countries of the Third World.

They tell us there are no markets for our products in the underdeveloped countries. Their insolvency comes from the fact that they are under the tutelage of the International Monetary Fund and its usurious rates. Let us therefore break the IMF. Let us give the power back to governments so that high finance be controlled in the use of its profits. That these profits rightly go to productive investments in the so-called insolvent countries in order to make them partners instead of targets for racketeering.

In conclusion, planetary Malthusianism cannot but lead to the ruin of the West. A country which is marking time goes backward, a country going backward is reeling toward chaos.

There is only one issue, which is the general development of all of humanity. For that purpose, private interests should cede to the public interest and it is our role, we who are lucid, to open the eyes of our friends, our neighbors. It is to an apostolate that I invite you, so that the Western alliance shall continue to radiate into the world and we drive back forever the hideous visage of totalitarianisms which are setting up their foundations on our own downfall.

A 4-point plan to develop all of Africa

West German political figure Uwe Friesecke has taken a leading role in outlining development policies for Africa since 1982, when he headed the Club of Life's campaign to save Africa. Excerpts of his speech follow:

In the last 20 years, a dangerous paradigm shift has taken place in the industrialized nations, in which respect for the dignity of man, as it is formulated in all republican constitutions, has been increasingly abandoned. Many universities in Western countries and supranational institutions, such as the United Nations and the World Bank, have tried to justify the vicious economic policies which have led to the crises in Africa and Ibero-America, by spreading the theories of an unscrupulous economic liberalism. The worst theory in this respect is the overpopulation theory of the Club of Rome. . . . Under this theory, each newborn child is not regarded as a blessing, but as an additional burden. Such a view leads to the theory of "useless eaters" in the Third World, who are said to be at the origin of all economic problems. . . .

During the recent Synod in Rome, Pope John Paul II issued a call for a "New Solidarity" to face the crises in the developing countries. Joseph Cardinal Ratzinger, on the same occasion, demanded the rejection of the destructive economic liberalism of the free market economies, the re-establishment of the unity of economic policies and moral values. . . . This doctrine of defining economic policies along the principles of Christian humanist ethics has a universal character and ecumenical validity. . . .

Africa must show that it is not willing to follow the destructive course of the Western elites, on their way into a new collapsing Roman Empire, but intends, instead, to realize the inalienable human right for development. The African nations cannot tolerate that the World Bank, in its recent yearly report, dictate that they will be even poorer in 50 years than they are today.

Africa needs a Grand Design which enables it, within these coming 50 years, to create modern, industrially and agriculturally developed nations which can sustain a growing population. . . . This means for the political and intellectual elites of Africa, that they have to conceptualize a Grand Design for the role of their continent on the verge of the 21st century, surpassing the local, regional, and ethnic boundary conditions. In aerospace developments, we are reaching out

to the stars, and modern physics with fusion energy has placed the energy source of the interior of the Sun in our hands.

. . . In this decade an African should be part of an astronaut team of NASA's manned mission in space: African nations have to start realizing the obvious economic and development projects.

We think this means the elaboration of a continentwide plan in four areas:

1) West-East and North-South traffic connections and transportation systems.

2) Great projects of water supply to enlarge the area of irrigated arable land.

3) Continentwide communications systems.

4) Development of the energy supply, by using especially nuclear energy.

Industrial development in these four areas has to be the basis for sustained growth in agricultural and industrial production, which will eliminate, once and for all, the infernal circle of poverty and misery. African nations have to start at once to build up science and technology centers, which will serve as a pool for qualifying the population required for the economic introduction of modern technologies on a broad scale. . . .

It is the task of the century for Africa to make the Sahara bloom again. The dangerous movement of the Sahara desert southwards cannot be stopped by simply building some wells and using agricultural hand tools. Using the water reservoirs of Africa, a second Nile has to be planned, and huge energy resources utilized to desalinate sea water. You may object to this, that these demands cannot be realized in practice right now. But this only seems to be the case, because powerful institutions such as the U.N. have de facto forbidden the discussion of the use of nuclear energy, and because the International Monetary Fund does not want to see such development of Africa happening. Therefore, the fight against the IMF, and to realize a New, Just World Economic Order, is the same as the fight for the development of Africa. . . .

Africa's pride lies in its future. The present generation has to look for the intellectual and material resources, the mobilization of which will enable future children and grandchildren in the year 2020 to look back and say: "Look, this is what our parents and grandparents achieved in only 30 years, but they have contributed to the happiness of Africa and the world as a whole." . . .

We must mobilize the political forces to implement the New World Economic Order. Where are they?

In the developing sector, that is clear, as the examples of President Alan García of Peru and President Abdou Diouf of Senegal show. They have to use the debt as a political weapon. But they cannot do it alone. Without reorienting our nations of the Western industrialized sector, toward dropping the IMF policy and replacing it with a classical mercantilist policy in the tradition of Leibniz, Colbert, and the American Revolution, this battle cannot be won.

Kennedy helps Gorbachov's drive to decouple Europe

by Kathleen Klenetsky

Under the guise of new, headline-grabbing arms-control proposals, the Soviet Union has embarked upon what it intends to be the final offensive in its battle to bring Western Europe under its boot.

The latest Soviet "peace offensive" began with Mikhail Gorbachov's Jan. 15 arms-control proposals, calling for the removal of all American and Soviet nuclear forces in Europe; it escalated dramatically in the first weeks in February. Moscow is employing every tool imaginable—from Sen. Ted Kennedy (D-Mass.), who has apparently taken it upon himself to become chief U.S. arms-control negotiator, to direct appeals by a leading Soviet military figure on West German television, to convince Europe that its best interests lie in looking East, not West, for allies.

The intensification of the Soviet operation was signaled by Ted Kennedy's widely publicized three-day trip to Moscow in early February. Soviet boss Mikhail Gorbachov used the trip to add a new fillip to his Jan. 15 disarmament scam, announcing, according to Kennedy and the official Soviet news agency TASS, that the Soviet leadership has dropped its insistence that the United States abandon the Strategic Defense Initiative (SDI) as a precondition for negotiations on intermediate-range nuclear forces.

This was praised forthwith by Kennedy as a breakthrough, in a pre-recorded message delivered over Soviet television on Feb. 7. First assuring his audience, "I believe that . . . Gorbachov is sincere in his desire to reduce nuclear arms," Kennedy then noted his own "reservations" on the SDI, and of his support for the Soviet position on the interpretation of the 1972 Anti-Ballistic Missile treaty. That treaty, he said, "must be maintained," and not "flouted" by research on SDI.

Gorbachov also used Kennedy's visit to deliver a threat to President Reagan: Unless "practical results" were sure to emerge from the next superpower summit, he told Kennedy, there would simply be no point in going ahead with the meeting. Gorbachov suggested an agreement to denuclearize Western Europe as an appropriate such "practical result."

The effect of Gorbachov's offer was instantaneous. West Germany's foreign minister and Soviet asset, Hans-Dietrich Genscher, issued a statement approving the intentions of the Soviet superpower. Washington must not allow such well-meant disarmament opportunities to pass by unheeded, he said.

The response of the British Foreign Office was similar. A complex series of negotiations is already under way in which Britain has agreed to discuss what it had until now refused even to consider: phasing-out of its own independent nuclear deterrent force.

The Soviets followed up this bit of propaganda with something even more spectacular. On Feb. 12, Col.-Gen. Nikolai Chervov appeared on West Berlin television, where he declared that the Soviet Union is ready to destroy all of its European-based SS-20 missiles, under the eyes of international inspectors, if NATO does the same with its intermediate-range nuclear missiles.

"We do not propose to move these SS-20 missiles somewhere else. They will be destroyed under painstaking and reliable national and international control, including inspections on site and on the spot," Chervov said. "The U.S.S.R. is ready to destroy all intermediate-range missiles targeted on Western Europe if NATO is ready to do the same."

West German defense analysts characterized Chervov's statements as the first detailed elaboration of Gorbachov's

latest disarmament and verification problems.

These and related Soviet maneuvers are designed to achieve one objective: to force the decoupling of the United States from Western Europe, a development which would put America's closest allies into the Soviet sphere of influence.

The Soviet proposals are clearly designed to increase the political pressure on President Reagan to strike a bargain with Moscow, which would strip Europe of an effective defense against Soviet forces. In view of the overwhelming Soviet conventional superiority in Europe, the only serious deterrent to Soviet aggression in Western Europe is the nuclear arsenal maintained by the United States, added to the independent deterrents of France and Britain. Remove this, and nothing could stop a Soviet march to the Atlantic.

But such a military act would probably not be required for the transformation of Western Europe into a Soviet satrapy. The withdrawal of American nuclear deterrence from Europe would send an unmistakable political signal to Europeans that they had been pushed out from under the American nuclear umbrella. Europe would be left with no alternative but to negotiate the best possible terms of surrender with Moscow.

This is the essence of the Gorbachov "negotiating proposal" carried back to Washington by Senator Kennedy, and endorsed by Kennedy's fellow appeasers in Europe.

Gramm-Rudman to force cuts

Moscow's renewed "peace offensive" is tailored to maximize Western European fears that the United States is already preparing to decrease its military commitment to NATO. There is deep consternation among pro-NATO forces in Europe, that budgetary pressures in the United States, particularly those coming from the Gramm-Rudman law, will force Washington to cut, perhaps by as much as one-half, the American troop force in Europe.

Those fears are fully justified. *EIR* has learned that such key "pro-defense" senators and congressmen as House Armed Services chairman Rep. Les Aspin (R-Wisc.) and Sen. Sam Nunn (D-Ga.), sponsor of the infamous Nunn amendment, plan to use the pretext of Gramm-Rudman-mandated defense cuts to initiate a "great debate" over strategic policy. A central focus of the debate will be the question of whether the United States can afford to maintain its existing military deployments abroad, especially in Western Europe.

According to one of Aspin's top aides, there is "serious talk" on the Hill that the United States will be forced to cut back its troop presence in Europe, in order to meet Gramm-Rudman's defense-cutback requirements.

"You have two choices under Gramm-Rudman," he explained. "You can either keep your force structure intact—but that would mean stopping procurement for an entire year, which is crazy; or you can cut back on your force structure. The question is: Do we cut back on troops in Europe or in Kansas?"

The staffer disclosed that Aspin plans a series of speeches and Congressional hearings, in which the question of a U.S. troop withdrawal from Europe would be discussed in the broader framework of America's relationship to NATO, "as raised by [Henry] Kissinger and [Zbigniew] Brzezinski." He also revealed that Aspin has been discussing these issues with Norman Ornstein, of the American Enterprise Institute, a Washington-based "conservative" think tank. Ornstein has been lobbying for an American troop withdrawal from Europe, most recently in a Jan. 26 *Washington Post* commentary, in which he happily insisted that Congress will react to Gramm-Rudman's cost-cutting pressures "by finally cutting the number of American troops in Europe," from 360,000 to 90,000.

True to his aide's words, Aspin gave a speech to the Washington World Affairs Council Feb. 12, with a "decoupling" theme so pronounced that it must have brought tears of joy to Gorbachov and friends. Aspin said that the search for budget cuts will lead Congress to a "fundamental reexamination" of U.S. defense strategy and relations with the allies. Predicting that military spending in 1987 will be less than in 1986, probably significantly so, "This year it [budget cuts] may force Congress to take a look at policy. And what would come out of that, God only knows." Defense cuts "mean a fundamental reexamination of a whole host of things—defense policy, policy with allies, fundamental questions about what forces you need, what parts of the world do you want to defend," said Aspin. "You're talking about fundamental questions that have not been asked, certainly not by Congress. . . . Congress up till now has not questioned policy behind the budgets, not ever."

An appeasement government

The way the Reagan administration has been functioning gives little basis for hope that Moscow's thrust to decouple Europe will be derailed. The U.S. government, executive and legislative branches alike, are undergoing a rapid transformation from constitutional bodies reflecting a certain amount of constituency input, into deformed entities capable only of meeting the demands of Moscow, and of the International Monetary Fund.

Ted Kennedy's antics in Moscow are just the latest example of a pervasive pattern in which the constitutional form of government is being abandoned, in favor of a more streamlined method of policymaking in which the objections of whatever patriots remain in the country can be overridden with relative ease.

Just as Kennedy took on functions in the foreign-policy arena normally reserved for the President, so did Sen. Richard Lugar (R-Ind.), who has been handed carte blanche by the administration to dictate U.S. policy toward the Philippines. At the White House, Chief of Staff Don Regan has been functioning as the de facto prime minister, while the President, elected with one of the great landslides in recent history, is more and more performing as a figurehead.

CDC man charges that CDC has 'abandoned' AIDS surveillance

Dr. John Grauerholz, medical coordinator of *EIR*'s Biological Holocaust Task Force, interviewed Mr. Gus Sermos on his work in Florida in AIDS surveillance programs. Mr. Sermos is currently public health adviser to the Atlanta-based Centers for Disease Control, assigned to Florida. He immediately became embattled with Florida health officials, whom he charged with mismanaging the AIDS-surveillance program, and then, with his CDC superiors, who tried to prevent him from disclosing the situation.

After providing information on the gross irresponsibility of CDC and Florida officials to newspapers in the state, CDC recalled him from his assignment, and put him on "sick leave" amid much publicity. Mr. Sermos, however, against orders of his superiors, testified before state senate hearings, granted interviews, and filed charges against Florida officials and his superiors.

What he describes here serves to underscore *EIR* charges that the CDC is involved in massive, willful cover-up of both the nature of Acquired Immune Deficiency Syndrome, and the extent of its spread into "non-risk" populations.

Grauerholz: What was the situation you found when you arrived in Florida?

Sermos: When I arrived in Florida in June of 1983, essentially the state had no case list. Only 76 cases had been reported then, and of those, I could find 55 or 60 that had been reported straight from physicians in Florida to the Centers for Disease Control, and the CDC in turn notified the Florida Health Department about those cases. But there was no case registry and no organized program. They had nobody working on AIDS, and they didn't really have anybody keeping a list of the 10-15 names they knew. . . .

Grauerholz: So what did you do at that point?

Sermos: At that time, we found out there were going to be federal grant monies available from Washington through the Health and Human Services Department. . . . Florida applied for a grant from the CDC, and, in fact, I wrote about 80% or 90% of that grant, over the period of July and August of 1983. . . .

At that time, it looked as if we were going to get into quite an organized program, especially since we had a very

low number of cases, about 125 or 130 cases, by August of 1983. It still was a small enough number that there was no problem in getting all the information on the patients' categories, as far as where the cases were located in the state, and what were the particular risk factors, if any, of all the cases.

But the state, even then, started essentially concentrating a lot of the funds right in Tallahassee, to start building up a headquarters staff there. So the money never actually began to trickle down so that we could even get out to the field and begin to write up all the cases, interview the patients, and consult with the many different physicians who were seeing patients that they thought had AIDS. . . .

We began to get stymied from the beginning, because the state, at that time, under the direction of Dr. John Witte evidently—either he and CDC fell out, or they began to have a divergence. I've never figured that out myself, but I do know that, even way back then, I was told to not make any comments about how the state was using its money, just to do my own work and not poke my nose into any state business; it was their program.

Grauerholz: Who told you that?

Sermos: My supervisors. . . . They would come down periodically, or I would go to Atlanta for meetings, and they would seem very, very alarmed if it even sounded as if I were going to complain to anybody about how the state was doing things. . . .

Grauerholz: What has happened to AIDS surveillance in Florida since you were relieved of your duties?

Sermos: The program, of course, has gone downhill. So, as far as the AIDS surveillance, AIDS epidemiological work, essentially not one thing has been done since Nov. 13 or 14, in the state of Florida! Just a lot of lip service coming out of the health program office, which is Dr. Witte's operation, and a lot of talk about what they plan to do with some new physicians, but they're not freeing any physicians for field or epidemiological work.

So, since that time, I've been busy responding to letters from senators or congressmen, and even people at the CDC, who wanted to know about the allegations that I had made against the state of Florida. Also, since that time, I've filed

allegations of abuse of power and authority against my supervisors, and I've also filed something that's being investigated at the Office of Special Counsel in Washington now, saying that these actions—of the state in collusion with the CDC—have created a situation that I believe could represent a clear and specific danger to public health, either now or in the future. . . . And if they decide that there is enough information there to go on and do an investigation, they're going to recommend that the Health and Human Services inspector-general do an investigation of the allegations on the CDC side, and they'll also look into my allegations of personnel abuses that I maintain have been done against me for what they felt was a release of information, and also the way that the circumstances have been handled.

So, there are several things now that could end up coming out of this for further investigation. However, in the long run and the short run, still nothing is being done in the state on AIDS epidemiology. The whole program is just on hold. And obviously, to me, whether it was my supervisors or the CDC AIDS branch under Dr. Curran, the CDC's complete AIDS policy, has been just completely cast adrift in Florida. And, of course, the state of Florida's policy has been to do absolutely nothing.

If you're going to look at it on a financial basis, the state has done nothing for two or three months and it should give back the money. If you're going to look at it from an epidemiological impact basis, the state is losing valuable time; cases are going unregistered and undocumented, if you will. No interviews are being done, obviously, on the people that probably do need to be interviewed as far as transfusion-related cases and no-identified-risk cases. So, the program will completely bog down, and they'll never make up for this lost time.

I've brought that up to the senators on the HRS subcommittee on Health and Human Services, and on the AIDS program, when I testified before them in Tallahassee on Jan. 27. And they were going to study the situation and see what impact it had, but if they decide to really institute an excellent surveillance program, none of that will probably take effect for three or four or five months anyway. So, by that time, the state could lose track of hundred of cases.

One of the things I pointed out to the senators was that the AIDS cases in Florida wouldn't necessarily just plateau; they would actually start going down. And then people would say, oh, well, we don't need to have much of an AIDS program, because there are a lot less cases. But I made sure that they understood that they would be fooling themselves. Anyone who would believe that would certainly be drawing false conclusions, especially since *nothing* has been done to get cases reported, much less having an active program that CDC is paying for, with three people in the field and two support staff in offices. So the CDC is getting cheated financially, it's getting cheated epidemiologically. The state is completely irresponsible and careless in how they're handling it—or not handling it—and nobody's ever going to

really know *what* happened during that time, or in the future, if no program is implemented!

Grauerholz: Again, it would appear that this is the result of an active disinterest on the part of a number of people in actually reporting the cases.

Sermos: Yes, completely. In fact, I believe I heard either [CDC doctors] Jaffee or Curran once say: "Why do we go on so frenetically about all this surveillance? The percentages have never changed in three or four years as far as the number of people that are gay males, or IV drug users, or whatever." And I just said, "Well, how will we ever know if there *is* a shift?"

They didn't respond, they just looked at me and just rolled their eyes, so to speak.

But even in the CDC epidemiological training manual, it says one reason you need to have vigilant surveillance, is that many diseases have significant gaps in the information that is known about them, and there can be a shift, in either risk categories, a shift in the causative agent and its pathogenicity, or a shift or a change in environmental circumstances, in addition to shifts in the host circumstances—whether those shifts are brought about by either immune responses or lack of responses—shifts in the host because of different sanitary factors, shifts in the host because of different dietary factors, shifts in the host because the host comes down with an ancillary or some other type of infection that then permits the original infection to take hold.

These things have to be watched consistently, and I don't see why the CDC, which specializes in diseases, doesn't want to recognize that you have to look at many factors, at least those causative agents and environmental factors. Even if one or two of those factors may play a much heavier role in certain diseases, you still need to take all of those into account when you're looking at patients who get diseases—and especially with AIDS, since the book hasn't been written.

One of the reasons I feel that we have to be very strong about this, is that AIDS, so far as we know, in the time CDC has been studying it—back a maximum of four and a half years—the disease isn't even through its first complete incubation cycle yet! So, we have absolutely no idea what new gaps could come up, and we'll never know, if we're not watching it.

Grauerholz: So, what you're saying is, that for this disease, which in its present form, is essentially 100% lethal, and which is spreading in the population, CDC has essentially abandoned its own criteria for surveillance and reporting.

Sermos: They certainly have in Florida. And I can't imagine it's different elsewhere if it's the same people that are supervising all these grants around the country. If they're as lackadaisical about it in other places—perhaps those other places have interested physicians and people that are interested in doing the work, but if they're not even held to some relatively significant stipulations in *their* grants, then we could have

this type of neglect built into all of the grants. And I agree, in Florida, *the CDC has been completely and actively negligent*, or irresponsible, to any needs of the surveillance program around the state. And they just completely pooh-pooh any efforts to discuss it with them; they don't want to hear it.

Grauerholz: Is this different than your previous experience in working with CDC?

Sermos: Yes. I never expected this type of reaction; I've never seen this type of reaction by the CDC to anything. I've always been able to rely on people up there for advice and help. In fact, I would say, 99% of the people I know at CDC are responsive, intelligent, competent people, and they do what they're supposed to do. But this is the first time I've ever seen them so completely disinterested—especially for this disease, which is essentially lethal in its present form!

With any person I have talked to up there, it's like they're talking about corn blight or something like that, that affects nobody but one set of farmers in one county of Texas. I've

I've filed allegations of abuse of power and authority against my supervisors. These actions—of the state in collusion with the CDC—have created a situation that I believe could represent a clear and specific danger to public health, either now or in the future.

never seen them so completely disinterested as far as the administrative staff. The lab workers may be interested, the people who do the testing there for the Western Blot tests, and do the HTLV-III antibody tests—perhaps they're very interested. I knew that some of the tissue-testing people who look for viruses themselves are certainly interested in their work, because I've visited them in the laboratories at CDC. But I've never seen this kind of—just putting everything on the back of the state, and then letting the state do absolutely nothing. And then, to keep funding that!

That's one reason I decided to make the press releases in September of 1985: CDC was going to fund the state for a third straight year, and this time at \$185,000 or \$186,000, and essentially three-fifths of that was going to be thrown right out the window! There's no conceivable way I could sit back and watch that happen for another year.

It was very frustrating, especially if you're trying to do the work. But it's frustrating to the taxpayer, it's frustrating to the disease investigator, to see that kind of haphazard, careless, absolutely neglectful throwaway of money—espe-

cially on something that's as desperately needed as surveillance of AIDS in this state, where we've essentially got a tropical country, here in south Florida. This is not just a county in Ohio or Michigan; this is tropical country, in Dade County.

Grauerholz: So, what is your current status?

Sermos: My current status is that I'm on leave—I'm on sick leave now, to the best of my knowledge. And at such time as I go back on regular duty, I got a letter on Jan. 6 stating that I was to report to Atlanta immediately. In fact, the letter that I got on the sixth ordered me not to go to Tallahassee on the seventh, to testify to the senators. They said I was to report to Atlanta that morning! They had airplane reservations for me, and said I was not approved to speak to the senators, and that I did not represent the Centers for Disease Control and should not speak in that vein. I went to Tallahassee anyway, and essentially I decided that whatever Atlanta does, they can do, but they're just not going to sequester me in the bowels of their giant basements up there. So I decided to go ahead to Tallahassee.

Since then, I've received a letter from Dr. Walter Dowdle, who is the director of the Center for Infectious Diseases; he wanted me to elaborate on my allegations against Florida. I did not do that for him. Number one, if I'm either on sick leave or on leave without pay, I do not need to be doing that type of paperwork; I have no facilities. And also, just for your interest, of course, I have been trying to tell them for two years what was going on, and nobody would listen. So I felt no obligation to jump up and write him a big note.

I got a letter dated Jan. 17 from [CDC director] Dr. James Mason; it was a request to send *him* the information. And I answered him with a certified letter mentioning some of what I thought are some of the major flaws in the CDC command structure that absolutely inhibits or prohibits information, salient information, from flowing upward from the chain of command. And I did tell him, though, that I would be willing to *meet* with him to discuss the allegations against the state, and also, which he doesn't know yet, I've made allegations against his own operation in the CDC, and some of his key subordinates. So if he decides he is willing to discuss it with me, I will go to Atlanta or wherever he wants . . . but if he doesn't, then as far as I'm concerned, that's just typical of this disinterest that's been there all along.

As I stated, in my letter to him: "Since my own agency, the CDC, has ignored me all this time, I am seeking resolution in another agency." And I have done that. I don't really feel obliged to even elaborate much to them anyway, unless I happen to feel like it—because they have been so completely careless. They so completely turned blind eyes or deaf ears to me, any time I tried to show them something or tell them something—they just flat wouldn't do anything except walk right out of the room. For that kind of medical disinterest and medical irresponsibility by public health officials, there's absolutely no excuse—no conceivable excuse.

CDC plans to ignore the crucial issue

The following is a letter written by Dr. Mark Whiteside, co-director with Dr. Carolyn MacLeod of the Institute of Tropical Medicine in Miami, Fla., to James Howell, M.D., of Florida's Department of Health and Rehabilitative Services. Drs. Whiteside and MacLeod have been the chief physicians who have called attention to the problem of No-Identifiable-Risk (NIR) cases of AIDS in southern Florida, specifically Belle Glade. EIR has charged that the Centers for Disease Control's cover-up of AIDS includes explaining away NIR cases—i.e., non-homosexuals, non-drug-users, no blood transfusion—by asserting heterosexual transmissibility. The following expresses Dr. Whiteside's views regarding a planned CDC study designed for such cover-up.

Re: The proposed CDC-HRS Prospective Study of AIDS in Belle Glade, Florida. This study is formulated on the hypothesis that there is bi-directional heterosexual spread of AIDS in this community.

There is no convincing scientific evidence to support female-male transmission of AIDS in the United States. Studies implicating heterosexual transmission of AIDS in the tropics, i.e., Central Africa and Haiti, or even in the United States, have been seriously flawed by inadequate controls and lack of prospective information. This study is founded on the same faulty assumptions and appears doomed to repeat the same mistakes.

There is a public health emergency in Belle Glade; over 100 cases of AIDS and over 60 cases of tuberculosis clustered in two central depressed sections of town. There is currently an explosion of non-characteristic or no-identifiable-risk AIDS in the same area. Independent surveys document a 10% seroprevalence of antibodies to HTLV-III/LAV in a largely heterosexual population.

A sexually transmitted disease does not confine itself to a single poor neighborhood.

Neutralization antibody data reveal remarkably high prevalence of antibodies to several different, potentially pathogenic arboviruses, mosquito-transmitted viruses. Seventeen percent of the target population have serum antibodies

to the Bunyamwera sero-group of arboviruses of the Caribbean and South America, previously never reported in the United States. This data should be irrefutable proof of environmental exposure in this economically disadvantaged group of people.

The proposed interview form virtually ignores important environmental considerations. For example, there is no attempt to quantify exposure to blood-sucking insects, or identify time and place of exposure, occupational history is inadequate, and there is no mention of recreational activities, i.e., fishing on canals. There is no mention of exposure to wild or domestic animals, which carry fleas and ticks and which serve as a reservoir for arboviruses and such opportunistic infections as *pneumocystis carinii*. There is nothing to document the level of fecal-oral contamination such as stool-probe for parasites or serum antibodies to infectious type-A hepatitis.

It is unfortunate that another scientific study overlooks what is becoming increasingly obvious even to the untrained lay person, the connection between environment and disease in Belle Glade.

We are told that this study is approved and cannot be altered. Our request for aliquots of sera to screen for arbovirus by indirect immunofluorescence, a test that may detect individuals with greatest risk for AIDS, has been denied.

Whereas most of the patients with AIDS have neutralizing antibodies to arbovirus, it is well known that they lack neutralizing antibodies to HTLV-III/LAV.

We are told that further studies designed to elucidate a possible environmental factor will have to wait several months. How many poor people will die before we even begin to examine this relationship? How many children will receive their first exposure to viral agents that will make them susceptible to severe disease later in life?

Dr. MacLeod stated in a letter written to Dr. Witte, dated Aug. 7, 1985, "Ethically, I do not think you should study a population where we know there is a high risk of mechanical transmission of HTLV-III/LAV based on work in animal retroviruses and hepatitis-B in the tropics, without concurrent improvements in housing and education concerning the environmental health risk." This letter was never answered. Nowhere in the present grant is there provision for environmental control measures or public education about environmental health risks.

We recommend emergency mosquito control programs be instituted in Belle Glade based on the CDC/Fort Collins arbovirus antibody survey. Studies of other South Florida communities must be done to determine the extent and spread of arbovirus infection. Cultures should be repeated for identifying new agents which have been introduced into South Florida. Environmental specialists from the CDC-Fort Collins and other centers must be brought down here to help us.

In the meantime, Dr. MacLeod and I will push forward with the studies that focus on environmental factors and continue to assist you in any way we can.

A two-hundred-year conspiracy to dismantle the United States

by Criton Zoakos

Treason in America: From Aaron Burr to Averell Harriman

Anton Chaitkin

New York: The New Benjamin Franklin House
Second edition (expanded), 1985. 607 pp.,
paperbound, \$11.95.

Mr. Chaitkin's *Treason in America* is a book which is guaranteed to find its permanent, prominent place upon the bookshelves of every diplomat in the world, in short order. If it also enters the homes of America's families, this nation will rapidly rediscover the ability to reverse its current decline.

Treason in America accomplishes a number of tasks, simultaneously. First, and most important, it restores the authority of *fact*, in American historiography, and thus tears up the legends and self-serving lies, which, for the better part of this century, have driven the American people away from the study of their own history. Second, it removes the shroud of mystery, which, for decades, has concealed and protected the treacherous operations of the powerful, and feared, "Liberal Eastern Establishment." Third, it identifies, in the most meticulous documentary form, the existence of a continuous, well-conceived policy of destroying the United States of America, a policy which has been in operation since the first days of the Revolutionary War.

Finally, this book "names the names" of the enemies of this republic, in a way no American history book, ever before, has done. Its meticulous annotation, documentation, bibliographical backup, indexing, footnoting, and reliance on extensively quoted original sources, is an insuperable obstacle to anyone, including the entire Harvard University History Department, wishing to refute it. There is a rewarding sense of justice done, when the reader realizes that Mr. Chaitkin demonstrates his thesis by relying, primarily, on direct quotations, still surviving in original documents, of the traitors themselves. The book's footnotes alone contain

more dynamite than McGeorge Bundy's Weatherunderground ever possessed.

The thread of *Treason in America* begins with the unravelling of the relationship between the convicted traitor Benedict Arnold, the indicted traitor Vice-President Aaron Burr, and the once impeached traitor Swiss-born Treasury Secretary Albert Gallatin. It ends with the traitors most responsible for America's present predicament, Democratic Party patron-saint Averell Harriman, CIA founder Allen Dulles, and former National Security Adviser McGeorge Bundy, the Doctor Frankenstein who manufactured Henry Kissinger one dark, moonless night inside a Harvard University basement laboratory. In between, the entire family tree of the incestuously intermarried Liberal Eastern Establishment, is dissected and displayed, branch by branch: Cabots, Lodges, Lowells, Forbeses, Higginsons, Perkinses, Coolidges—and their British, Swiss, and American cousins.

The generational thread between the currently living scions of these treasonous families, and their ancestors of the 1780s, is not very long—a mere seven generations. If you notice that the distance between you and your grandfather is three generations, then you can amuse yourself with the observation that McGeorge Bundy, the current "elected head of the Eastern Establishment," could have received first-hand stories from his grandfather, told to him by *his* grandfather, John Lowell, who ran the Essex Junto and the 1814 Hartford Convention effort to dismantle the United States, and cause it to be militarily defeated by the British Empire.

Chaitkin's book identifies the role and modus operandi of a tightly knit and intermarried cluster of extraordinarily influential families, who have produced many of the important men of affairs in American public life. It thus provides the clue to finally solving the riddle of American politics.

It is not a striking observation, of course, to assert that American politics is one of the best camouflaged, most obfuscated, least understood, least studied phenomena of modern life. One of the most notable consequences of this near universal ignorance of American politics, takes the form of a question, asked with growing frequency in recent years by

foreign governments: "Why is Washington growing frequency in recent years by foreign governments: "Why is Washington doing this?" "Why did the Americans overthrow the Shah?" "Why are the Americans undermining President Marcos?" "Why is American foreign policy systematically destroying every one of America's friends and allies around the world?"

The last historian, prior to Chaitkin, who creditably attempted to shed light on the subject was Carroll Quigley, who fell far short of his object. Quigley, it will be recalled, employed a historical method which proceeded from the valid assumption that there exists a coherent, behind-the-scenes force, which controls party politics, public opinion, and the law-making process. According to Quigley, this behind-the-scenes force is the financial power of investment banks, principally organized around the House of Morgan and its successor institutions—a purely Anglo-American affair.

The argument of *Treason in America* is at once simpler and more coherent than Quigley's: As the centralized financial powers are the puppeteers pulling the strings of popular political processes, so, too, a close-knit group of intermarried families, animated by long-standing and clear-cut ideological preferences, act to control the activities of the enormous financial power of the Morgan-centered investment and commercial banking houses.

An Anglo-Swiss counterinsurgency plan

The origin, on American soil, of this cluster of families, is an 18th-century Anglo-Swiss arrangement known as the British East India Company, which was forged by Lord Shelburne's Anglican and Presbyterian allies and their Geneva Calvinist banker collaborators.

The case of Albert Gallatin, Secretary of the Treasury at the height of Aaron Burr's political career, well exemplifies this grouping. Born in Geneva and a cousin of the notorious Jacques Necker, the Swiss-born finance minister of France who triggered the Jacobin movement there, Gallatin was an intimate friend of the Swiss-American Mallet and Mallet-Prevost families, by marriage related to traitor Aaron Burr. At the height of the Revolutionary War, a close circle of intimate collaborators, Shelburne, Paul-Henri Mallet, Jacques Necker, Viscount Monstuart, and some others, worked out a basic counterinsurgency plan against the American revolutionists, which, with some modifications over the years, has remained the basic anti-American program, even after American Independence had been won. This basic Anglo-Swiss counterinsurgency plan was simple: Split the unity of the colonies, never allow a strong central authority to emerge in America.

While the revolution was still being fought, the mentors of Gallatin et al. were willing to go as far as to grant independence selectively to some of the 13 original colonies, in order to sow division. When independence was achieved, the Anglo-Swiss counterinsurgency plan was modified, to focus its efforts on preventing ratification of the Constitution. This

plan was the principal cause for inserting the slavery clause into the 1787 Constitutional Convention. One year after the ratification of the U.S. Constitution, Gallatin, representing the whole clan of traitors, led an effort to abrogate that Constitution, and subsequently financed and promoted the Whiskey Rebellion. Later, when Thomas Jefferson appointed Gallatin to the post of Secretary of the Treasury, the Anglo-Swiss counterinsurgency plan was further modified: Whereas the central purpose remained unchanged, i.e., the weakening and extinction of centralized authority in America, the means adapted for that purpose were to be financial: no credit for domestic industry, no government revenues, except for foreign debt-service, no defense budget (in view of British war provocations).

The institutionalized center of the effort to dismantle central authority, at the time, was the Essex Junto, a conspiracy which, formally since 1808, had pursued the purpose of dismantling the Union and carving up the United States, and whose leaders were Massachusetts Sen. George Cabot, Judge John Lowell, and his son John Lowell, Jr. (the great-great-grandfather of McGeorge Bundy), Secretary of State Timothy Pickering, and other leading Boston Brahmins.

Mr. Chaitkin's book documents that the basis for the financial power of the Essex Junto was its monopoly of the China Opium trade, which was reorganized, later, as the United Fruit Company, and the Massachusetts Bank, now called the Bank of Boston. Chaitkin's discovery of "Operation South Carolina" provides the final remaining piece of evidence proving that the American Civil War was merely a project of the Essex Junto, and thus a tactical modification of the original Shelburne-Necker-Mallet-Gallatin counterinsurgency program.

High drama is ably portrayed in the concluding part of Mr. Chaitkin's book, where the roots of the modern CIA are probed—ever so gently: The Presbyterian Dulles brothers, Allen and John Foster, hold a prominent place in postwar American history. The former, from America's foremost spy in inter-war Switzerland, went on to create the Central Intelligence Agency, tailored to his own tastes; the latter, more than any other individual, was responsible for remolding the American national identity into a Cold War reaction formation. The Dulleses are, by marriage, relatives of the original Swiss-American traitor family, the Mallet-Prevosts, one of whose ancestors, Paul Henri Mallet, authored the original counterinsurgency plan. The Dulleses, also, were launched to world political power by their law firm, Sullivan and Cromwell, the premier legal arm of J. P. Morgan's financial empire, which is the modern form of the consolidated financial clout of the old Essex Junto.

Those who are even modestly familiar with the Dulleses' legacy in the State Department and the CIA, the role of these institutions in methodically disassembling American power worldwide, and the enormous growth of the New York-Boston banking group's political strategic influence these days, will find, in Chaitkin's book, "the reason why."

Why defense lawyers are now up in arms

by Suzanne Rose

The Justice Department's current practice of issuing subpoenas to defense attorneys to force them to testify against their clients, smacks of the same prosecutorial excesses which were rampant during the Carter administration. The Carter Justice Department, under Attorney General Benjamin Civiletti, was supposed to be a bastion of "human rights." Instead, the federal courts cowered under what must be termed one of the most flagrant attacks on due process in American history—the Abscam, Brilab, and related "stings"—as government officials, labor leaders, and others were convicted of crimes on the basis of trumped-up evidence of paid informers, who were often themselves convicted criminals.

Attorneys around the country, but most particularly in the state of Massachusetts, have been reporting increasing incidents of defense attorneys being subpoenaed to testify against their clients before grand juries. Lawyers' subpoenas, which were virtually unknown a decade ago, have been used increasingly during the last two and a half years of the Reagan Justice Department. As a result of the ability to issue such subpoenas, it will soon become very difficult for defendants accused of certain types of crimes to obtain counsel. These include crimes which the Justice Department is currently making a show of enforcing zealously, such as drug-related crime and organized crime. The practice, of course, also weakens the right of any defendant to due process.

The supporters of the lawyer subpoena tactic argue that it does not really infringe on the client's right to counsel, because he or she only has this right after being *indicted* by a grand jury. This argument is similar to the one made by Attorney General Edwin Meese against the so-called Miranda warning, which entitles the suspect to be informed of his right to secure a lawyer before he undergoes police questioning about a crime; if a person is innocent, so the argument goes, he has nothing to fear from police questioning.

But this is no different from the excesses of the Carter Justice Department. How is the government's use of paid informants to entrap people into committing or appearing to commit crimes, initiated under the Carter administration, any different from the current attacks on a citizen's Sixth Amend-

ment right to representation by counsel? Apart from attacking the Miranda warning, the Reagan Justice Department is also challenging the so-called exclusionary rule, which makes evidence obtained in an illegal search inadmissible at trial, and the constitutional right to defense inherent in attorney-client privilege. This undermines the justice system and enables it to be turned into a political weapon, just as the long-term effect of Abscam was to discredit branches of the government, like Congress, which might stand up to a Justice Department motivated to go after its political enemies.

The battle in Massachusetts

This is the context in which to view the battle going on in Massachusetts, where the state court has attempted to curb the ability of federal prosecutors to issue subpoenas to defense lawyers. The Massachusetts Supreme Judicial Court adopted in October 1985 an ethical standard on the use of lawyer subpoenas, which would require that federal as well as state prosecutors undergo judicial review of any subpoena issued to a defense lawyer to testify before a grand jury about a client. A prosecutor who refused to comply with this procedure could find himself the subject of disciplinary action.

This rule is understandably getting a lot of support from defense lawyers in Massachusetts, who are particularly concerned about the tactics of U.S. Attorney William Weld, who has, according to the affidavit which he filed in a lawsuit seeking to overturn the rule, issued between 50 and 100 subpoenas to lawyers.

Weld, whose suit challenging the applicability of the new Massachusetts state rule to federal prosecutors was filed on Jan. 2, bases his opposition on the supremacy clause of the Constitution, which gives the federal government precedence over state authorities. In Massachusetts, however, the federal courts usually adopt state rules. To debate on this front obscures the major constitutional issue, which is whether or not the rule infringes on the right to counsel.

So far the federal courts, which properly have jurisdiction over this issue, have been unwilling to interpret the case law on this matter in a manner which would uphold the defendant's constitutional right to counsel. An example is the recent decision of the full U.S. Second Circuit Court of Appeals, which ruled on Jan. 9 that a prosecution subpoena to attorney Barry I. Slotnick for testimony before a grand jury, on fees paid to him by alleged mobster Anthony Colombo, did not compromise the attorney's ability to represent his client. The Second Circuit had ruled previously, in a three-judge panel, that a prosecutor must prove a compelling need for information sought and the lack of an alternative source, if the defense lawyer moves to quash the subpoena. Another Boston defense lawyer, Barry Wilson, recently served four and a half months in federal prison for refusing to testify before a federal grand jury in Rhode Island about his client. Critics have charged that prosecutors have been given a green light to single out particularly effective defense lawyers for harassment.

The Eastern Airlines dilemma

Another major airline is caught by the big banks, deregulation, and the stupidity of the union.

Eastern Airlines, facing \$2.5 billion in long-term debts, recently announced the layoff of 1,010 flight attendants and lowered the wages of its remaining 6,000 flight attendants by 20%. The airline, under intense pressure from its creditor banks, including Chase Manhattan and Citicorp, has also demanded a 20% wage cut from its pilots.

The airline is caught between falling profits, losing \$355 million in the last five years, resulting from intense low-cost competition and chaotic market conditions created by deregulation; and creditors who are demanding draconian wage and benefit cuts from the airline's employees. The banks have threatened to impose a technical default on the airline should such cuts not go through by Feb. 28.

Also pressuring the company are Eastern's three unions, representing the pilots, machinists, and flight attendants, who so far have refused the banks' demands, but are pursuing instead a plan to "buy out" the airline.

Negotiations are currently underway between Eastern and its 4,200 pilots, represented by the Air Line Pilots Association, which has threatened to strike against the nation's third-largest carrier. The strike could come as early as Feb. 26, when a mandatory 30-day cooling-off period ends.

On Feb. 9, the Air Lines Pilots Association told its members to "sit tight and expect nothing" from the negotiations. "Your affirmative vote on the strike ballot is still the only tool we

have to ensure that unreasonable wages and, perhaps just as importantly—working conditions—are not imposed on us unilaterally by management."

Eastern's flight attendants, represented by the Transit Workers Union, are free to strike at any time, the Jan. 20 deadline for the federally imposed cooling-off period having passed. But the union said it would not stage a walkout before March 1. In these negotiations, management is demanding a 32% wage cut, while the union wants an 18% increase.

The three unions, under the leadership of the International Association of Machinists, are urging the company's 38,400 workers—who already own 12 million of the more than 60 million company shares—to buy as much Eastern stock as possible, to gain control of the company. They are also seeking the ouster of Eastern's chairman, former astronaut Frank Borman.

Borman told the *New York Times* on Jan. 22 that the stock purchase plan "won't make an awful lot of sense unless the airline is restructured. . . . Who controls the airline makes little or no difference. They will still have the same problem."

Borman is right. This corporate socialism, called corporativism when it was tried in Mussolini's Italy, is lauded in "Sharing Power at Eastern Airlines," an article by Robert Kuttner in the November-December 1985 *Harvard Business Review*. Kuttner is economics correspondent for the ultra-liberal *New Republic* magazine. He

argues that the 1983 contract with Eastern's machinists "saved" the airline, inaugurating a new era of labor-management cooperation in which employees felt "involved" and "listened to." That contract provided for employee stock ownership, "contracting-in" of work previously assigned to outside companies, and wage and benefit sacrifices made with the pledge that profits derived from productivity increases based on workers' suggestions would be distributed among Eastern's employees.

Such plans are a mere veneer of self-determination which makes the austerity being demanded by banks and other creditors more palatable to the labor force. The conditions which are rendering Eastern—and most other American airlines—bankrupt are not addressed simply by changing owners.

The kind of employee collaboration from which Eastern could most benefit now would be a strong demonstration of disgust by the unions at the policies dictated by Chase Manhattan and Citicorp. These bankers' willingness to destroy one of America's largest airlines, and to break the living standard of its employees is no different from their willingness to destroy whole nations in Africa and Ibero-America which cannot pay debt service because it would mean committing genocide.

Indeed, Eastern flight attendants tried to organize a potent demonstration in Atlanta late in January, but were prevented from doing so on orders from the top of the AFL-CIO. President Lane Kirkland sits on the same Trilateral Commission as Fed chairman Paul Volcker and Chase Manhattan's David Rockefeller. When it comes to pointing the finger at the real enemy of labor—and of business—Kirkland knows who butters his bread.

National News

Fascell backs Gorbachov proposal

The Reagan administration should "take a more aggressive and assertive posture" in the Geneva arms talks, said House Foreign Affairs Committee Chairman Dante Fascell (D-Fla.). Fascell urged a major effort to work out a comprehensive test-ban treaty.

In a House speech on Feb. 6, Fascell announced that House leaders have cleared floor action later this month on a resolution backing such a treaty—which, of course, is a key feature of Mikhail Gorbachov's Jan. 15 arms-control ploy. Fascell also urged the administration to reaffirm its adherence to SALT II and "the longstanding interpretation" of the ABM treaty and reject Pentagon recommendations that the United States abandon compliance with treaties that the Soviets have grossly violated.

'Lowered expectations' in the United States

The age of "upward mobility" in the United States is over, according to the London *Daily Telegraph* on Feb. 10. The article was based on statements recently released by New York Sen. Daniel Patrick Moynihan (D) and Texas Rep. Jim Wright (D).

In an article entitled, "Yuppies' Living Standards Sliding," the *Telegraph* cites Moynihan saying that the younger generation must come to grips with the realization that they were entering an era of "lowered expectations," and that, for the first time in American history, an emerging generation's living standards would fall short of those enjoyed by the preceding one.

Wright is quoted: "Most of America's young adults are not upwardly mobile. For as long as anyone can remember, the heart of the American experience has been upward mobility. What we now see is something alien and unacceptable: a general downward mobility, a slippage in living standards, from parents to children."

He said the past three years' so-called

economic growth in the United States was actually "something of a bust for baby-boomers of average income."

CBS sued for Bulgarian story

West German arms-dealer Peter Mulack has filed a \$100 million suit against CBS News over a 1984 report linking him to the "Bulgarian Connection" in the attempted assassination of Pope John Paul II.

CBS reported on April 27, 1984, that it had obtained documents showing that Peter Mulack, 64, offered to accept cash and drugs in payment for illegally supplying Bulgaria with sophisticated U.S. electronic equipment. Mulack, who lives on an estate in the exclusive Coral Gables enclave in Miami, told Reuters that he had done business with Bulgaria, buying Soviet-made arms and selling them to South Africa.

"But I have always dealt government to government and never illegally," he added.

The suit names CBS anchorman Dan Rather, two CBS-News producers, and independent Danish TV-reporter Jorgen Petersen.

Union issues weak AIDS guidelines

The American Federation of State, County, and Municipal Employees (AFSCME) issued very weak guidelines to its health care and correctional facility members at a symposium on AIDS addressed by President Gerald W. McEntee the first week in February, according to *AFL-CIO News* of Feb. 8.

McEntee said: "There is no reason to panic, it is not highly contagious, especially if workers follow the recommended precautions. We have solid grounds to oppose antibody testing on any group of workers, no matter what their occupation"—he didn't say what the grounds were. AFSCME represents 300,000 health care workers and 50,000 correctional officers.

The guidelines do include suggestions

for screening and segregating AIDS patients in prisons, that pregnant women be excused from direct care of AIDS victims, and the use of disposable needles and gloves when handling blood specimens and other body substances.

Carter wraps up Ibero-American tour

On Feb. 10, former President Jimmy Carter concluded the last leg of his five-nation Ibero-America tour to "better appreciate" the impact of the debt on the region.

Gushing about how proud he is of "the many democracies in the region," Carter met for 12 hours with Nicaraguan President Daniel Ortega and other senior Sandinista leaders in Managua, and with El Salvadoran rebel leaders Guillermo Ungo and Ruben Zamora in Mexico about "human rights violations" in their country.

He also met with Mexican President Miguel de la Madrid as well as Mexico's finance and interior ministers, although details on those meetings have not been released.

The tour, Carter admitted, is to drum up interest in and, presumably, attendance at the international debt seminar being planned for April by Emory University in Atlanta, where Carter lectures. Peruvian President Alan García has accepted an invitation to attend the debt seminar. So has Peru's former energy and mines minister, Pedro Pablo Kuczynski, president of First Boston International in New York, indicted in absentia in Peru for corruption.

Security lapses at U.S. bases

American soldiers who guard the U.S. Army's Pershing-II rockets in West Germany are often doped, drunk, or asleep on the job, the German weekly magazine *Stern* reported Feb. 12.

Stern based its allegation of security lapses on information from a former GI guard at the base at Heilbronn, 60 miles north of

Stuttgart. The guard, for whom *Stern* gave the name "Michael Scott," said the problem is not with the army's security regulations, which he called excellent, but because they are ignored or circumvented, the magazine said.

Scott described how commanders of the guard faked reports of inspection tours they were too lazy to make, how electronic security systems chronically malfunctioned, and how poorly trained and motivated guards shirked their duty to remain vigilant against the threat of terrorism. Scott became so concerned about the security problem that he called it to the attention of the Pentagon, his congressman, and finally the governor of Kansas—all to no avail.

U.S. racist Farrakhan not wanted in Lagos

Hitler-admirer Louis Farrakhan's speech, scheduled for Feb. 9 in Lagos, Nigeria, was canceled after the foreign ministry urged him not to be inflammatory. Farrakhan is currently head of the U.S. Black Muslims.

Farrakhan had arrived in Lagos on Feb. 8, to begin a five-day lecture tour after being barred from Britain.

Farrakhan told reporters that he was not told of the cancellation until his arrival, but that he received a letter from the Ministry of Information earlier, asking him not to use his speech as a forum for religious purposes, since Nigeria is a secular state.

Indiana candidate asks Philippine observers

Georgia Irey, a U.S. Senate candidate in Indiana backed by the National Democratic Policy Committee, announced on Feb. 11 that she has sent a telegram to President Ferdinand Marcos in the Philippines inviting him to send observers to Indiana for the primary election, where Sen. Richard Lugar (R) has been involved in some questionable elections in the past.

Irey said she took this action to "dramatize the degree to which Senator Lugar

openly and blatantly interfered in the internal affairs of a friendly nation; indeed, our closest ally in Asia. . . . Even if one grants the highly dubious proposition that the U.S. should have sent friendly observers to witness the election, Senator Lugar thoroughly betrayed his trust by blatantly favoring the opposition candidacy of Mrs. Corazon Aquino, and by making prejudicial statements to the press regarding the Philippine national election."

Mrs. Irey telegraphed Philippines President Marcos offering congratulations on his re-election:

"This is genuinely good news for all Americans," said Irey in the telegram. "I wish to apologize for the blatant interference in your national elections conducted by a senator from my state, Richard Lugar. I intend to make this an issue in my State of Indiana. To ensure a fair election in my race for nomination for senate in the Democratic primary on May 6, I would like to invite neutral observers from the official election commission of the Philippines to observe the vote here. This is necessary to ensure a free and fair election in the state of Indiana."

President attacks two-term limit

President Ronald Reagan has expressed his dissatisfaction again with the 22nd Amendment to the Constitution, limiting presidential terms of office. Asked by the *Washington Post* whether he's pleased with the presidential succession fight in the GOP, Reagan responded: "See, that's what's wrong with having a 22nd Amendment. Everybody automatically, the minute the '84 election is over, everybody starts saying, 'What are we going to do in '88?' And focusing the spotlight on it."

Reagan went on to say that he's for repeal of the amendment, but not for himself: "No President can ever come out of it with himself in mind. I think it's got to be held for whoever's going to be the next President."

Commenting on Bush's recent performance, including his attack on New York Gov. Mario Cuomo (D), Reagan said he was "very satisfied."

Briefly

● **DRUG LOBBYIST** Les Ledbetter, an editor of *High Times* magazine, has died of AIDS. In July 1984, Ledbetter authored a scurrilous attack on Lyndon H. LaRouche's collaborators in the anti-drug Andean Labor Party. *High Times* is the magazine of the U.S. drug lobby.

● **DONALD RUMSFELD**, reportedly a 1988 presidential hopeful, is slated to become chairman of the board of the Ethics and Public Policy Center in Washington. The Ethics and Public Policy Center was founded in 1976 to "clarify and reinforce the bond between the Judeo-Christian moral tradition and domestic and foreign policy issues."

● **THE SHUTTLE** tragedy investigation will be headed by Alton G. Keel, Jr., a well-known defense budget hatchetman. Keel is currently associate director for National Security and International Affairs at the Office of Management and Budget, which handles Defense and State Department budgets.

● **NEW YORK CITY** has lost 30,000 manufacturing jobs in the last 18 months. The city's largest loss was in the textile industry, formerly its largest manufacturing sector. The city lost 87,000 jobs in the last five years.

● **JACK MATLOCK, SR.**, Soviet specialist at the National Security Council and a principal advocate of the "crumbling Soviet empire" myth, is expected to be named U.S. ambassador to Moscow later this year. Matlock's mythology states that the West has nothing to fear from the Soviets, despite their unprecedentedly massive military buildup.

● **OVER \$11 MILLION** in cash, 250 pounds of cocaine, and five South Americans were seized in the breakup of a nationwide money-laundering and drug ring by undercover agents in separate raids in Los Angeles, Miami, and New York on Feb. 7.

Gramm-Rudman or the Constitution

Although a three-judge panel declared portions of the Gramm-Rudman-Hollings budget-slashing act to be unconstitutional on February 7, the constitutional crisis which the Act was intended to provoke, has not abated.

First, although the court declared that the “automatic deficit reduction process”—by which the Comptroller General of the United States orders the President to impound a specified amount of funds—is unconstitutional, and it declared that the President’s February 1 “sequestration” order is without legal force and effect, the court stayed its judgment until the U.S. Supreme Court hears the appeal of its decision.

Second, the court’s ruling was made on narrow grounds, even with respect to the arguments raised by the complainants. The court overturned the law on grounds that it violated the constitutional doctrine of separation of powers, because the Comptroller General is given executive powers under the act, but he is an officer of the government who is removable by Congress and not by the President. As such, he cannot exercise executive-branch powers and, indeed, issue binding orders upon the President. At the same time, the court rejected the more far-reaching argument raised by opponents of Gramm-Rudman, that it constitutes an unconstitutional delegation of legislative power.

Third, the narrow—and intricate—reasoning of the court (the opinion runs to 50 pages) ignores the deeper issue which was not raised by any of the bill’s opponents—the unconstitutionality of the bill as a whole.

The simple fact is that Gramm-Rudman places a priority on debt service, thus placing interest payments to bankers above any other obligations—including the national defense, infrastructure, health services, or pensions earned by retired government employees.

To view a piece of legislation as constitutional which will undermine our defense and destroy our economy,

is to totally fail to comprehend our Constitution. Further, Gramm-Rudman represents a yielding of our national sovereignty to supranational institutions such as the International Monetary Fund and the international bankers’ cartel (the “Group of Five”) who have been demanding budget cuts and the imposition of IMF-style “conditionalities” on the United States.

The American Revolution was not fought, nor our Constitution written, to protect bankers and financiers. The Declaration of Independence proclaimed mankind’s inalienable rights as “Life, Liberty, and the pursuit of Happiness”—not John Locke’s “life, liberty and property.”

The Preamble to the Constitution of 1787—the standard by which all particular provisions of that document and all laws made under it must be judged—reads:

We the people of the United States, in order to form a more perfect Union, establish Justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America.

Gramm-Rudman violates all of the great purposes of our Constitution, as defined therein. It will undermine justice, destroy domestic tranquility, sabotage the common defense, weaken the general welfare, and abandon the blessings of liberty, especially for our posterity. It brings IMF conditionalities to the United States, bringing us down to Third World standards, rather than developing the economic power of the United States to raise the Third World to our standards. As long as Gramm-Rudman exists as the law of the land, we as a people are trampling on the Constitution.

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